BUSINESS WEEK

Price Control WHERE IT STANDS NOW



Sidney Weinberg: His side of defense-people (page 89)

JAN. 27, 1951



Studebaker again amazes America!

Agreat new V-8 1951 STUDEBAKER COMMANDER

Priced lower than you expect!
New peaks of power! New driving thrills!
A real gas saver! Needs no premium fuel!

Studebaker Automatic Drive gives you truly marvelous "no clutch-no gearshift" motoring Available at extra cost

The Studebaker Corporation, South Bend 27, Indiana, U.S.A.

B.F. Goodrich



Magnetic doors—what will Koroseal do next?

Koroseal is a typical example of B. F. Goodrich development

ENGINEERS of the General Electric Company developed this refrigerator door without a latch. Magnets not only hold it shut but seal it, too. The magnets are inside a soft, flexible gasket. When the door closes, they pull the gasket up tight against the frame.

But the gasket had to have a very thin wall for the greatest possible magnetic attraction. Yet it had to stand repeated door slamming. The engineers asked about Koroseal flexible material. It was tried and worked perfectly. In a slam test it stood so many slams that the laboratory finally gave

up trying to wear it out.

How many other things can Koroseal improve? You businessmen with product problems can probably think of even more ways to use it than we can.

Koroseal flexible material is not rubber. It is made usually from limestone, coke and salt, sometimes from other raw materials. It may be in sheets of various thicknesses, films, coatings on fabric, may be molded or squeezed into tubes or other shapes. (As a garden hose it's better than any material ever used before, is a third to a half lighter than ordinary hose.)

Koroseal flexible material makes long-lasting shower curtains, raincoats that are permanently waterproof, tank lining for handling some kinds of acid that even rubber can't stand. It is used for dozens of other things and can be used for still more. If you have any product Koroseal might improve or any problem you think it might solve, write to The B. F. Goodrich Company, Koroseal Sales Department, Marietta, O.

Keroscal-Trade Mark-Rog, U. S. Pat. Off.

B.F. Goodrich

Koroseal Florible Materials

Steel Yourself for a Tough Job!



Allis-Chalmers Equipment Helps Build Steel Production . . .



More reserves of iron ore. This grinding mill is part of Allis-Chalmers' wide range of reduction machinery for processing low-grade ores, such as taconite, to extend the nation's iron reserves. More air for blast furnaces. Dependable Allis-Chalmers turboblowers supply blast furnaces with huge volumes of air at low cost. Takes 3½ tons of air to make a ton of iron from ore!





More power for rolling mills. Giant Allis-Chalmers motors and control devices drive the rolls that turn out steel bars, rods, plates and sheets. Smaller motors are used through every step of metal working.

PROSPER® POWER!

America's strength, prosperity and good living have been paced by rapidly expanding generation and utilization of electric power. Use ribs of steel . . . to build a king-size concrete pipe to carry water . . .

Spin a web of steel cable and girders to bridge a river . . .

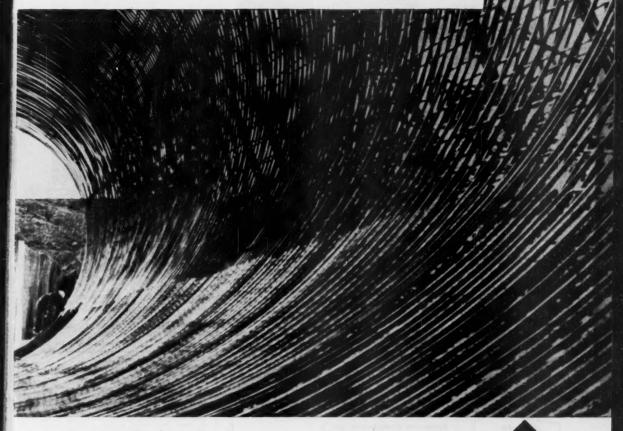
Roll out steel for cars, trucks and tanks in the quantities called for today . . .

For the tough jobs, America turns to steel!

Today, with an unprecedented capacity of 100 million tons a year, your privately owned and operated steel companies produce far more than all the rest of the world combined.

And in helping them continue to raise production, Allis-Chalmers literally puts its shoulder to the wheel . . . with giant motors to drive the rolling mills, with complete power generation and control equipment, with blowers and pumps. In fact, Allis-Chalmers machines and equipment help all industry expand its productive might!

ALLIS-CHALMERS MANUFACTURING COMPANY
Milwaukee 1, Wisconsin



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(AC)

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AIRFEEDRILL BREAKS PRODUCTION BOTTLENECK

AN ADAPTATION OF KELLER AIR TOOLS

The slowest operation sets the pace for a whole production line—as any shop foreman knows. It limits the production per hour, and per day.

In this line, the bottleneck was a drilling operation that kept a worker busy full time.

The job didn't warrant addition of an extra drill

press and operator, so an ingenious shop superintendent worked out an answer. He set up a simple mounting and fixture with a Keller Airfeedrill.

Now at the touch of a button, the hole is drilled as fast as the operator can load and unload the fixture. The small aluminum castings pass this operation so fast that the worker has time to do other jobs, too. Production of the whole line has increased, and costs have gone down accordingly.

If you have a time-consuming production problem, we invite you to consult Keller engineers. Their experience and recommendations will help you.



Air Tools engineered to industry

KELLER TOOL COMPANY, GRAND HAVEN, MICH.

AIR MOTORS . AIR HOISTS . AIR HAMMERS . COMPRESSION RIVETERS . GRINDERS . DRILLS . SCREW DRIVERS . NUT SETTERS

American Blower...a time-honored name in air handling Highlights



Baltimore, too, has a conveniently located American Blower Branch Office to provide you with data and equipment for air handling. You can reach American Blower in Baltimore by calling Saratoga 0448. In other cities, consult your phone book.



Fine yarn filaments, strong plump fibers -these are the marks of a good textile mill. And, in many top mills, you'll find American Blower equipment helping in the control of inside temperature and humidity. For example, several of our large AHS Fans were ordered recently by an important Southern mill. The thing operators like about these fans is their non-overloading power characteristics and their remarkable efficiency over a wide range (which saves them money). May we help you with a similar problem?



HOSPITAL COMFORT . . . A new Veterans' Hospital is going to be mighty comfortable-at least when it comes to ventilation. Reason-34 American Blower Sirocco Fans which were recently installed. These fans deliver more air per revolution than any other type

of fan, operate at lower tip speeds, are unusually quiet, save power and require only a minimum of space for installation. For the best in air handling equipment, call American Blower.



POWER SAVER . . .

If you're concerned with power transmission, you'll want to know about our Gýrol Fluid Drives. Developed originally for use with mechanical draft fans, Gyrol Fluid Drives are today widely used in industry. They offer three important advantages-smoother acceleration, overload protection and substantial power savings. One company uses Fluid Drives on a crane that picks up acetylene tanks. Before they were installed, the tanks got such a violent swing from the quick start they would often damage building walls. Since using the Fluid Drives, they've had no trouble.

MAY WE SERVE YOU?

American Blower heating, cooling, drying, air conditioning and air handling equipment can do much toward improving comfort and efficiency in business. For data, phone or write our nearest branch office.

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In This Issue

Asian Dilemma

· Has the Administration a policy to follow in dealing with China's drive for power?

A Program at Last

· The military now know what kind of a fighting force they want, what they will need for it, how long it will take to get it-and the contracts are pouring

How Many Autos?

· Detroit is feeling no pain from material cutbacks this quarter, still hopes to keep going long enough to hold its labor force together.

Regimented Industry

· Mobilization is taking over its first complete industry-machine tool production.

Who Loves Television?

 Not major sports promoters. was the making of wrestling, roller derbies. But it's murder for the big

Gasoline Substitute

· Some fleet owners think L-P gas is the perfect fuel for cars and trucks. At any rate, it's cheap.

Behind the Headlines

· The story of the secret negotiations that led up to John L. Lewis' significant wage settlement.

THE DEPARTMENTS

Business Abroad	125
Businessmen	89
Business Outlook	9
Defense Business	
Executive Opinion	
Finance	
International Outlook	
Labor	
Maintenance	
Marketing	
The Markets	
New Products	
Production	
Readers Report	
The Trend	
Washington Outlook	



It's a long, long way to Malaya

Executives have long been disturbed about America's dependence on natural rubber from the Far East.

Since 1940, our rubber needs have been filled in part by synthetic rubber made from butadiene and styrene. Today, however, styrene is in short supply and could well become a major bottleneck in synthetic rubber production.

To help meet this situation, Phillips chemists working with the Office of Rubber Reserve, developed a rubber made entirely from butadiene. This fine rubber known as "PB" or "polybutadiene" contains no styrene whatever.

Thus, good synthetic rubber tire treads can be made available to keep American cars, trucks and buses rolling, even with a styrene shortage.

Developing new petroleum products like "PB" rubber is our specialty. Call on us for gasoline, oil, industrial fuels, and lubricants. -K. S. Adams, President, Phillips Petroleum Company, Bartlesville, Oklahoma.

PHILLIPS PETROLEUM COMPANY

Bartlesville, Oklahoma



WE PUT THE POWER OF PETROLEUM AT YOUR SERVICE





How much of this tax are YOU paying?

Eye accidents cost industry about 110,000,000 man hours in 1949 in *lost time* — and about \$160,000,000 in dollars lost. What are YOU doing about it?

One large company installed an AO Eye Protection Program and practically eliminated lost man hours due to eye accidents. This company also reports a drop in compensation costs from a high of \$2.80 to an average of \$.40 per worker annually. Other companies report similar savings. An AO Eye Protection Program pays off—pays for itself in six months time or less. Prove it to yourself. Call in an AO Safety Representative. He will show you how you can

reduce or eliminate your share of industry's high eye accident tax.



American Optical

*Estimated lost man hours only. Does not include average cost of compensation which even for the low cost year of 1938 was \$328.

Southbridge, Massachusetts . Branches in Principal Cities

BUSINESS OUTLOOK

BUSINESS WEEK JANUARY 27, 1951



Price controls, at this stage, are (1) too late from the consumer's view-point, and (2) too early from an administrative standpoint (page 19).

Any freeze now freezes a lot of inequities. The very person who has held the line best is the worst hurt. Hardship cases will pile up.

Above all, costs aren't frozen. The fifth round of wage boosts is not yet finished—and the sixth already is getting started.

Biggest gain from a price order now is to reassure the consumer. People have been buying to beat price boosts. Most will think, at least for a while, that they are protected by ceilings.

That, in turn, will delay the necessity for rationing.

But rationing must come before price controls can be made effective.

Here's one of the problems in a price rollback: It's hard to put a ceiling on imports—and a representative group of commodities from abroad has gone up almost exactly 10% since the first of the year.

Silk is up 26%, tin about 17%.

And then there's wool. We might pull a rollback on the domestic clip—although western senators wouldn't like it. But you can't roll back Australia; and Australia now supplies more than half our needs.

Rollbacks are likely to have some immediate effects on the home front.

Hides have gone up 14% since the first of the year. If they can be pushed back, the imminent rise on shoes may be averted.

Tallow has advanced nearly 10% so far in 1951. Knock it back down, and the recent markup on soap might be rescinded.

Business—if not prices—quite definitely has leveled out lately.

True, steel and petroleum are making new highs. Nevertheless, output records are less frequent than they were only a few weeks back.

You can't convert from a peacetime economy to even a semiwar footing without some disruptions. Ask anybody in Detroit.

<u>Civilian output now is being keyed to copper.</u> Steel, most manufacturers now say, no longer is most critical.

This is a landmark week for the steel industry—the week that basic output goes above the 2-million-ton mark for the first time.

Only a few days after the American Iron & Steel Institute reported that our steel capacity had been boosted to 104,229,650 tons a year, the operating rate is up to 100.9% of capacity.

The industry can operate above rated capacity for a time; mills are built to do a bit better than their builders guarantee them to do.

But this can't go on indefinitely. It strains both men and machines not to mention the supply of scrap metal and ore.

Record demand for petroleum products is being matched by record output—approximately 6-million bbl. a day.

The jump from the old high—5,869,980 bbl. daily—was made possible largely by a relaxation of production controls in Texas. Refineries com-

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
JANUARY 27, 1951

plained they couldn't get enough Texas crude to keep going full blast. So the state, in an unusual midmonth shift, raised the allowable.

The higher Texas rate is expected to remain in effect for February. And, this week, Louisiana also moved to permit larger output.

Ever-expanding petroleum output calls for steel—all the way from well-drilling rigs to the pipelines and tankers that deliver refined products.

And it's cheaper to spare the steel for "essential civilian" industries now than it will be later when more and more will be going into munitions. So agreement in principle has been reached to give the industry a steel allotment. It's now a matter of deciding who gets how much.

Big construction projects appear to be taking up any slack in home building (and the slack in home building is slow in developing).

Contracts awarded for industrial projects were the largest ever in the week ended Jan. 18, says McGraw-Hill's Engineering News-Record. They added up to \$141-million out of total heavy awards of \$391-million.

For the first three weeks of the year, EN-R's total for contracts covering industrial building was 419% ahead of the like 1950 period.

New homes being started are fewer—down from a high of 144,400 in July, 1950, to 95,000 in December (BW-Jan.20'51,p28).

But, despite winter weather, that December figure is about 10,000 above the previous month. Besides, the December starts would have been a near-peak total in any postwar year prior to 1950.

Actually, <u>demand</u> for homes is <u>booming</u> just as it is for other goods. And it's for exactly the same reason—this may be the last chance to buy.

Lumber benefits by the unexpectedly large construction volume plus military needs for crating, dunnage, and so on. Also, there's the desire of builders to have everything on hand before starting a job.

The net of this is a steady two-month rise in new orders for lumber. The second week this year was topped only once in either 1949 or 1950. The only better week was at the absolute peak of the 1950 building season.

Reduced output of civilian goods is causing some layoffs. But just about an equal number of jobs is opening up in other lines.

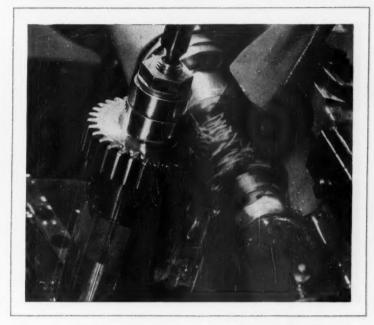
Some of the layoffs can be seen, in unemployment compensation. The number drawing checks is up about 300,000 in three months. The total, however, still is very low—under 1.1-million.

As for employment in manufacturing, the December total was just about unchanged from November's 15.7-million.

How big is the economy? It depends on what yardstick you use—whether you count up dollar volume or wash out the changes in the value of the dollar and attempt to measure physical units (chart, page 26).

Thus, when the President's Council of Economic Advisers tells you that gross national product rose \$13-billion to \$297-billion in the fourth quarter of 1950, what does it mean?

Mainly that prices rose sharply; there was little physical gain.



Out of Gulf Research Laboratories -

A NEW IMPROVED CUTTING OIL

that is setting new performance records on tough machining operations

Gulf announces an outstanding improvement in sulphurized cutting oils! The new Gulf Lasupar Cutting Oil provides greatly increased sulphur activity—without the objectionable odor ordinarily associated with cutting oils of this type.

Sulphur, recognized as the most effective antiweld agent, is combined in Gulf Lasupar Cutting Oil by a special Gulf process so that it is uniquely active over the entire range of a cutting operation.

To machine shop operators this exceptional chemical activity means higher production rates, fewer tool grinds, and lower costs on tough machining operations. Gulf Lasupar Cutting Oil also contains stable sulphurized fatty oil, effective in producing fine finishes on most types of carbon and alloy steels.

It will pay you to investigate the advantages of the versatile Gulf Lasupar Cutting Oil for any troublesome job where production, tool life, or finish is a problem. Call in a Gulf Lubrication Engineer today and arrange for a test on your machine tools. Write, wire, or phone your nearest Gulf office. Gulf Oil Corporation • Gulf Refining Company, Gulf Building, Pittsburgh, Pa.





*Reg. U. S. Pat. Off

FIGURES OF THE WEEK

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	§ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Business Week Index (above)	*235.4	†233.6	229.4	195.6	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	100.9	99.6	100.1	93.9	97.3
Production of automobiles and trucks.	158,907	1139,679	160,912	158,432	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$55,082	\$48,764	\$61,940	\$39,803	\$19,433
Electric power output (million kilowatt-hours)	6,909	6,981	7,033	6,041	3,130
Crude oil and condensate (daily average, 1,000 bbls.)	6,051	5,762	5,763	4,962	3,842
Bituminous coal (daily average, 1,000 tons)	1,977	12,005	2,001	1,237	1,685
TRADE					
Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars)	77	77	77	67	86
All other carloadings (daily average, 1,000 cars)	53	50	51	38	52
Money in circulation (millions)	\$27,200	\$27,415	\$27,929	\$27,121	\$9,613
Department store sales (change from same week of preceding year)	+31%	+39%	+9%	-5%	+17%
Business failures (Dun & Bradstreet, number)	167	193	174	231	228
PRICES (Average for the week)					
Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Dec 178.4			175.6	167.5	105.2
Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100)	528.0	522.1	511.7	353.1	198.1
Industrial raw materials, daily index (U. S. BLS, Aug., 1939 = 100)	381.2	375.4	353.8	222.4	138.5
Domestic farm products, daily index (U. S. BLS, Aug., 1939 = 100)	402.7	397.8	382.8	300.7	146.6
Finished steel composite (Iron Age, lb.)	4.131e	4.131e	4.131e	3.837€	2.396€
Scrap steel composite (Iron Age, ton)	\$46.08	1\$46.08	\$45.13	\$26.75	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).	24.500e	24.500e	24.500e	18.500€	12.022€
Wheat (No. 2, hard winter, Kansas City, bu.)	\$2.38	\$2.40	\$2,40	\$2.21	\$0.99
Sugar, daily price (raw, delivered New York, lb.)	5.99∉	6.07∉	6.37€	5.78¢	3.38∉
Cotton, daily price (middling, ten designated markets, lb.)	44.66¢	44.27¢	43.20¢	31.12¢	13.94¢
Wool tops (Boston, lb.)	\$4.10	\$4.10	\$3.50	\$2.11	\$1.41
Rubber, daily price (ribbed smoked sheets, New York, lb.)	71.80¢	72.70¢	74.25¢	18.19¢	22.16¢
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	169.1	169.0	159.4	134.0	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.17%	3.18%	3.19%	3.23%	4,33%
High grade corporate bond yield (Aaa issues, Moody's)	2.66%	2.66%	2.66%	2.57%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	11-13%	11-11%	11-11%	11-11%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	17-2%	11%	11%	14-11%	1-1%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	51,702	51,306	51,770	48.245	++27,777
Total loans and investments, reporting member banks	70,439	78,024	71,444	67,670	++32,309
Commercial and agricultural loans, reporting member banks	17,972	17.924	17,801	13,861	116,963
Securities loans, reporting member banks.	2,182	2,213	2,204		++1.038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	32,634	33,046	33,854	38,131	++15,999
Other securities held, reporting member banks	6,515	6,486	6,444	5,084	††4,303
Excess reserves, all member banks	1,009	1,135	930	857	5,290
Total federal reserve credit outstanding	21,923	21,235	21,864	18,383	2,265
*Preliminary, week ended Jan. 20.	1Date	for "Latest	Week" on	each series	on request
++Estimate (BW-Jul.12'47,p16).		,	†Revised.		requests

FROM WHEEL CHAIR TO WEDDING BELLS

A true story from Miss Cahill's case book



Miss Jean M. Cahill, R.N., Rehabilitation Nurse

Robert Jackson walked down the aisle with his bride. That's what a bridegroom is supposed to do. But not many do it whose legs have been amputated a few months before in a mine accident.

Robert Jackson had a tough time in the hospital. Thanks to the best medical and surgical care—and a stout heart—he won his fight for life. It didn't look like much of a life. What's in it for a man with no legs? What about that pretty girl he wanted to marry . . . could he earn a living . . .

That's when Miss Cahill moved in.

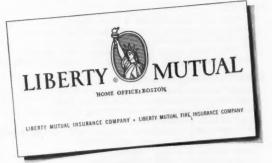
Jean Cahill, R.N., is one of Liberty Mutual's rehabilitation nurses in the Mid-west. To help build a new life for Robert Jackson, she organized a long, patient program to train him to walk. She enlisted the help of the manufacturers in making and fitting special artificial legs.

Miss Cahill entered him in the Crossroads Rehabilitation Center in Indianapolis near his home. There Robert Jackson learned to use and trust his new legs. He passed aptitude tests which uncovered skills he didn't know he had. This led to a job offer from his former employer, but he chose to launch a business of his own. His walk down the aisle with his bride marked his victory in his fight to rebuild a normal life.

Rehabilitation by Liberty Mutual begins where regular hospital and medical care end. Jean Cahill is one of our rehabilitation nurses whose activities carry direct to the injured workers the techniques of Liberty Mutual's Rehabilitation Center in Boston.



All compensation companies provide indemnity and medical care for injured workers. Liberty Mutual does this—and more. We have helped hundreds of badly injured workers to rebuild normal lives and to become self-supporting—some of them with better jobs than they had before they were injured. This is one way Liberty Mutual helps to reduce the cost of Workmen's Compensation insurance.



WASHINGTON OUTLOOK

WASHINGTON BUREAU JAN. 27, 1951



You now can get a clearer picture of mobilization aims, long pull. The goals for military strength and industrial readiness are shaping up (page 24).

This year and next will be the buildup period. The military plans to use this time to push its fighting forces up to "holding" strength and prepare industry for quick conversion, if a big war comes.

There's some disagreement on the policy because it doesn't go all out. But the decision is top level—by President Truman, General Marshall, and mobilizer Wilson. And unless Russia knocks the plan off the tracks, it raises the prospect that controls and shortages may begin to ease in 1953.

The military manpower goal, 3.5-million, won't be upped very much. Any increase beyond that would mean taking fathers and veterans, as well as the 18-year-olds. A 5-million to 6-million force is out, short of war, despite the rumors.

The weapons stockpile now is set at enough to fight for one year. The military thinks this is an adequate working inventory. It would meet the needs of war until industry could be converted, full-scale.

Military spending and commitments are scheduled to total \$87-billion between now and mid-1952. Of that total, about half will be for hardware—tanks, planes, motor vehicles, electronics, etc. The rest will go for other things, including construction, transportation, and textiles.

Military buying will be selective. That's an important difference, on the procurement side, between mobilization now and for World War II. Then the military needed everything, from battleships down to mess kits. Now the military is well stocked on many requirements—machine guns, rifles, artillery, most types of ammunition, naval yards, airfields, etc.

Many World War II contractors will be left out—unless they can switch over to what's needed now.

The demand for metals will be rising well into next year, as the waves of military orders hit factories and mills.

Steel: The military take now is 7%. It will double before yearend.

Copper: This month nondefense uses have been cut back some 15%. In the fourth quarter, military orders will take over 40%.

Aluminum: This metal began the year with a nondefense cut of 25%. Shortly after midyear, military needs will be in excess of 35%.

The figures don't tell the whole story. They show only the purely military take. They don't allow for what will have to go into essential supporting industries, such as freight cars. On steel, for example, officials think demand for industrial expansion alone may top direct military needs.

Growing civilian shortages are indicated by the outlook for metals. Consumer durable output will be progressively curtailed, month to month. The National Production Authority now is weighing a limitation on auto and appliance production. Some officials speculate on a 50% hard-goods slash by yearend. Rationing is talked, but there are no plans yet.

WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU JAN. 27, 1951 On the industrial side, the preparedness plan is double-barreled:

(1) More basic capacity for steel, aluminum, copper, power, etc. On aluminum, the goal is 70% more by late 1952. The target for steel hasn't been set. But requests for rapid amortization show industry plans to add some 20-million tons. Goals for the other "musts" are being set.

(2) Spreading military contracts. The aim is to have many producers set to go, if war comes; also to protect military supplies against bombing by having several sources for all the important defense items.

Tanks are an example of contract spreading. To get the annual capacity for 25,000 tanks, seven or eight contracts will be let. Only a few of the contractors will actually produce. The others will tool up and stand by. The theory is that, if the nation needs tanks in big numbers and in a hurry, it will have some lines running and others ready to go. The same system will be used for a number of other military requirements.

Producing the stockpile weapons will take two years. That's the current figure by the military. In the case of tanks, for example, this would mean that the military will have enough on hand by late 1952 to meet current requirements, plus an adequate reserve. The plan is that, once the reserve is built, the rate of production will be cut. The picture is pretty much the same for other military needs: a rapid production early in the buildup, then a cut to a maintenance level.

The economic implications are clear. If Russia gives the military the time to stock to anything like its present schedule, the production hump will be reached in late 1952 or early 1953. Thereafter, defense demands will ease off. This is about the same time that large chunks of new capacity will be coming into the picture. It may be that the two together will mean an easing of controls and relief from shortages.

Prices will keep on pushing up in the initial months of ceilings. So will wages. But the controls will be a brake (page 19).

Note the December cost-of-living rise, reported this week by the Bureau of Labor Statistics (page 114). The index jumped to 178.4, up 1.6% from November. That shows a strong uptrend, which ultimately will rupture a lot of the ceilings.

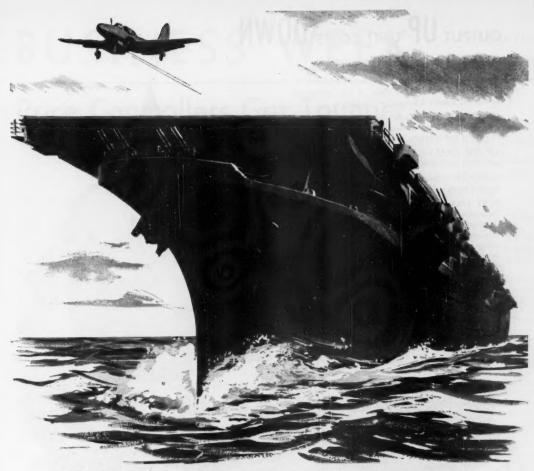
Autos may be first to get price relief. Their prices were frozen as of Dec. 1. The prospect now is that DiSalle will let them rise a bit, even before the price relief machinery gets going.

Importing manpower is a project now under active consideration. In the past, we have brought in labor from Mexico, mostly for the farms. But the idea now is to draw from all Latin America for the factories, farms, and perhaps the military. The scope isn't yet clear.

The Korea-China mess threatens to involve the U.S. deeper and deeper in the Far East. And our allies are wavering badly (page 123).

The U.S. position is against any compromise cease-fire agreement that would amount to appeasement. We want the U.N. to brand Red China the aggressor in Korea (Congress backs this), then follow with sanctions—a "limited" form of war. Meantime, we would put new troops into Korea.

The British oppose this. They fear more than the loss of Hong Kong and its trade. A "limited" war against China might become "unlimited," and thus sap Europe's defenses. That's the real eastern danger.



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TEXACC INDUSTRIAL LUBRICANTS

BUSINESS WEEK

NUMBER 1117 JANUARY 27, 1951

Price Controllers Get Tougher



Pecking Away at Inflation: A 1950-51 Timetable

by upping rediscount rate

family dwellings

FRB raised stock margins

Jan. 16

FRB raises short-term interest rates Interest rates rose 0.25%,

but bank loans expanded

in defense housing

Largely psychological

	-, -, -, -, -, -, -, -, -, -, -, -, -, -	our same mans expanses
Sep. 18	FRB reimposed Regulation "W"	Terms were loose
Sep. 23	Truman signed stopgap tax law to raise \$4.6-billion	Reduced purchasing power
Oct. 12	FRB issues Regulation "X" home mortgage curb	No impact yet; VA ran 100,000 units in ahead of deadline
Oct. 15	Regulation "W" tightened	Adequate now
Dec. 7	Economic stabilization agency asked Ford and GM to kill price hikes	Companies refused
Dec. 17	ESA froze auto prices until March 1	Almost no c-of-l effect
Dec. 19	ESA issued voluntary pricing rules	Unenforceable
Dec. 22	ESA froze auto wages until March 1	Auto wages hold till then anyway
Dec. 29	FRB raised bank reserve requirements	Little effect on lending
Jan. 3	Truman signed excess profits tax law	Both pro and con inflation
Jan. 12	Regulation "X" extended to multi-	Loose, but may be useful

Rollback of prices is first step to dollar ceilings; wage freeze to follow. Profits will be basis for individual relief.

The government finally put a brake on runaway living costs this week.

Price Stabilizer Michael DiSalle ordered businessmen to roll prices back to the early January level—and to keep them there until further notice.

His action put an end to the easygoing, voluntary—and ineffectual—approach to price control (timetable, left).

• Time for a Change—The change of pace was a direct result of the President's recent switch of economic stabilizers: Eric Johnston for Alan Valentine.

Behind this switch in policy and policy makers is an economic fact that shows up clearly in the chart at the left: The recent zoom in the cost of living is nothing to what was certainly ahead unless some action was taken. In the last six weeks the upward rush of basic commodity prices has still further widened the post-Korea spread between them and wholesale prices. That puts a terrific upward pressure on the wholesale index—which itself has been outrunning the retail cost-of-living index. If retail prices in the months ahead do no more than reflect the increases that have already occurred or are obviously predictable in wholesale prices, the situation is dynamite.

The new policy won't stop with prices. The price lid foreshadows a wage-freeze, too.

• Slow Results—DiSalle's rollback and any wage freeze won't halt the climb in costs right away. The most you will see this spring is a slowing of the 1.6%a-month rise in the consumers' price index that set in last November.

One reason: The Defense Act won't let ESA put ceilings on foods now selling below parity. Another: The price lid was punctured right after it was announced—when DiSalle ordered the first of the ease-ups necessary to make price controls work in the long run. He lifted the ceiling on 1951 automobiles to let manufacturers cover some of their cost increases since Korea.

The recent rise in the price of cost-

of-living items is itself a third reason for continued upward pressure on prices. It is already clear that over the next few months it will mean at least a 5¢-an-hour wage increase for some 2million werkers covered by contracts containing escalator clauses.

I. Basis: Profit Control

From the rollback and the automobile order, you can figure out the principle that ESA intends to apply in regulating prices. The principle is profit control. It's the one used by the old Office of Price Administration around the end of World War II.

Briefly, the idea is this: If ESA raises your dollars-and-cents ceilings from the freeze level, it will gauge such a move more on your company's or your industry's profits than on its costs—though costs will be given some weight, too.

• Basis for Upping Ceilings—ESA's pricing principle is essentially the same as the one that underlay the voluntary standards announced last December. Before you are allowed to raise your ceilings, you—or your industry—will have to show that either:

(1) Current over-all profits before taxes are less than those in the period

1946-49, or

(2) The particular items involved are produced at an actual loss, even though over-all profits are equal to the 1946-49 standard. In this case, the price of the unprofitable items can be raised either by the amount necessary to put them into the black or by the amount of the increases in wage and material costs since June 24—whichever is the lower.

II. Quick Relaxation

In weeks to come, hides, metals, and eventually all commodities will get the individual ceiling treatment the way automobiles got it. In some cases, the current ceiling will simply be affirmed. But where such prices mean hardship or inequity—and where the standards permit—DiSalle will ease up again. All in all, these relaxations mean the runaway indexes can be slowed at best only to a walk, not a dead stop.

Disalle pretty much has to grant this relief, partly because of the delay in controlling prices. The Defense Production Act, under which he operates, requires the Economic Stabilization Agency to maintain the cost-wage-price relationships that existed in the month before the shooting started. Inaction since Korea had let some prices—commodity prices, especially—rise faster than the prices of goods into which the commodities enter. To keep mid-1950 cost-price relationships on these goods, their price too will have to rise.

• Why the Drag?-Truman is to blame for some of the delay; he took months

to appoint a price administrator. But most of the foot-dragging can be pinned on a difference of opinion within ESA over how fast to move and on what.

Alan Valentine, the first ESA chief, who was fired by Truman last week, wanted to move with caution, to impose controls only as fast as ESA's infant staff could administer them. This meant slow, industry-by-industry freezes. But Valentine felt there was no other way to avoid too rigid ceilings that would be discriminatory and would become a barrier to all-out production.

Disalle felt that the zooming cost of living was doing more harm than hasty controls could possibly do. He wanted to act before prices climbed so high that they would compound the difficulties of stabilization (charts, pages 20, 21). So he worked out his idea for a 30-day freeze.

The scheme wasn't perfect, though it had a lot of merit. But Valentine—who never had given DiSalle full authority—stepped in and vetoed it. The 30-day freeze idea died; however, it crystallized thinking at the White House and at Charles Wilson's Office of Defense Mobilization.

III. Decision to Act

Early this month Wilson decided that action on an economy-wide scale was necessary. As a step toward getting it, he asked the President to fire Valentine. When Eric Johnston agreed to take the job—after a week or more of negotiation—the President acted.

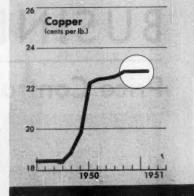
• New ESA-Before Johnston signed up, he asked for-and got-additional authority to check inflation. He will control rents and consumer credit, too.

ESA under Johnston will be quite different from ESA under Valentine. Johnston will run it more the way William Davis handled a similar job back in World War II. He will confine himself to adjusting disputes between divisions of ESA and to supervising general stabilization policy.

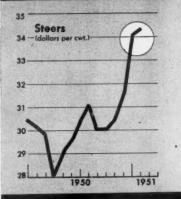
Within this framework, DiSalle and the Wage Stabilization Board will have broad autonomy. About the only thing on which they'll have to get prior approval from Johnston will be policies that substantially raise price or wage levels—a new Little Steel Formula, for instance.

The mechanics of the price rollback shows how the new setup will work. ESA still has only 600 employees in Washington and skeleton staffs in the 55 field offices it is setting up; not all of these are working in the price division. But DiSalle had free rein to decide that acting now, before adjustments can be made, is the best way to proceed.

Similarly, the wage board can act to impose its wage freeze.



1. Big producers

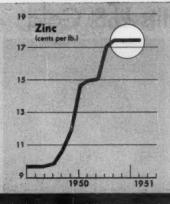


2. ... But many



3. ... And prices



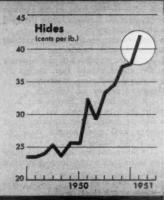




hold the line in a few commodities...



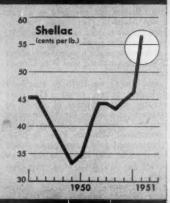




domestic products are still running wild...







of imports can't be put under ceilings

O BUSINESS WEEK

Dollar Surplus Hits U.S. Gold

Reversing a long trend, gold is flowing out of the U.S. But no one is returning to the gold standard.

With the dollar still the strongest currency in the world, the U. S. is losing gold. This is somewhat of a paradox.

While gold is no longer the international standard, most countries feel that

it's still their best bet.

Last year, the countries of the world bought \$1.7-billion worth of gold from the U. S .- enough to pull down the nation's gold stock by 7%. That's an intriguing reversal of a four-year trend. Since 1945, the worldwide dollar shortage had forced other countries to ship gold here—to the tune of \$4.5-billion—to pay for U. S. goods. Now the gold is moving out again.

· Rumors-As usual, when anything happens to gold, rumors are rife:

· There is such a lack of confidence in the dollar abroad that foreign investors are switching their capital to Mexico, Uruguay, or Australia.

• The Bank of France has been selling bars to hoarders for as much as \$45 an ounce, then replacing these reserves with gold bought from the U. S. at the official price of \$35.

· Some nations are secretly planning to tie their currencies to gold once

• The Low-Down-But it doesn't take

much to scotch these rumors.

Current figures on gold transfers to specific countries are traditionally kept secret. But there's plenty of evidence that Great Britain-not Mexico or Uruguay-was the principal buyer. In a sense, Britain got the gold as a gift. It was Marshall Plan dollars that enabled Britain to take care of its deficits, created a dollar surplus.

Britain physically removed only about 25% of its purchase, sent it to Canada

for storage.

And there's no truth to the Bank of France rumor, either. The story probably is a distortion of reports of legitimate sales above the \$35-an-ounce price for "processed" gold set by the International Monetary Fund in 1944. "Unprocessed gold"-new placer-mined dust-can be sold legally in the open market for industrial or jewelry pur-

· No Return-Whatever the significance of gold transfers, one thing is sure. It does not imply a return to a pure, automatic gold standard-a system under which a country will pay out a fixed amount of gold to anyone who presents its currency for exchange.



GOLD is cast in ingots for vault storage.

That's because no nation today will put up with the consequences to its domestic economy that strict adherence to

gold inevitably produces.

• Pros and Cons-But that doesn't mean that the gold standard doesn't have certain advantages. Currency tied tightly to gold sets some limit to the amount of inflation you can have-although in the U.S. the ceiling would be too high to mean much.

On the other hand, adherence to gold makes national prosperity or depression subject to relatively unimportant shifts in foreign trade balances. Even under a gold standard, currency is never backed 100% with metal. A central bank treats gold the way a commercial bank treats cash reserves. The chances are that only a fifth or sixth of outstanding obligations (currency in one case, credit in the other) will be presented for redemption at any one time. So gold reserves of around 20% have frequently been found to be sufficient.

This isn't just gambling. Without this roughly fivefold expansion, a nation would find its money and credit supply too scanty to support vigorous economic life.

But-on or off the gold standard-one nation can't force another, the way it can its own citizens, to accept its paper money in settlement of debts. So international debts must be paid in gold.

If a country is enjoying a boom, it will consume more foreign luxury goods. If the country's foreign trade was balanced before the boom, a trade deficit inevitably results. Gold must be shipped abroad to settle the account.

But for every dollar sent abroad, the central bank must retire five or six at home, to free the necessary gold from its monetary reserves. If the deficit is large, a sudden, severe contraction in the domestic money supply results. And such deflation has always meant sharp drops in prices and in purchasing power. In short, it means depression.

Conversely, in depression, foreign goods cost too much, so buying drops. But domestic goods are cheaper and sell better abroad. Thus the deficit is soon reversed, gold flows in, the money supply expands, and a runaway boom is

· Variations-To get away from this boom-or-bust cycle, nations have devised and tested numerous variations of the gold standard. They've tried ending coinage, making gold available only in large bars, subject to recall by the central bank when shipments abroad were necessary. They tried certificates redeemable in gold. But eventually they had to divorce gold from paper, use metal only as a medium for settling international accounts.

· Gilt-Edge-Because the U.S. stands ready to redeem its currency in gold at any time-to foreigners only, of course -the dollar has become a gold-backed currency and, as such, an acceptable substitute for gold throughout the world.

But that doesn't mean that other nations have lost their fondness for gold itself. The big outflow of U.S. gold last year merely indicates that other countries, Britain especially, are now in a position to satisfy traditional desires.

Coal Wage Hike Points to Higher Prices

The wage settlement in coal last week (page 112) seems almost sure to mean higher fuel prices.

Mine operators haven't talked officially to Washington yet. But they are confident a price hike will be allowed

The main reason is that coal right now is bringing less on the market than it did a year ago. Prices are down about 50¢ a ton from last winter. At the same time, operators' costs are up. Their wage pact with John L. Lewis last March increased costs 25¢ a ton and didn't show up in prices; rising supply and equipment costs added another 22¢. Now the new Lewis settlement figures to add 30¢ more, bringing the total jump since March to 77¢ a ton.

The coal market has been soft now for almost a year and a half. Some operations today are on a two- or threeday week. The Midwest has not been so bad, but Utah and Kentucky mines are both on curtailed production sched-

New Policy: Tie China Down

U.S. plans to make cost of aggression too high for Mao. It means staying in Korea—and trouble with our allies.

This week the U.S. split openly with most of its allies over the problem of dealing with Red China. And the split is sure to grow still wider if the State and Defense Depts. carry out present plans.

The one thing that might change the course of U.S. policy would be a Peiping agreement to a genuine settlement in Korea. But barring that, or barring an all-out war with Russia, Washington seems bent on this "limited-war" strategy: Make the cost of aggression so high for Mao that he will pull in his horns.

• Containment Again—Two months ago U.S. officials were ready to write off the Asian mainland entirely. Now they think there is a good chance of containing Peiping—just as we have contained Russia in the past three or four years. They want to:

 Hold a line in Korea. The Chinese Reds will be forced to pay a terrible price for any further gains in Korea, or even to stay where they are.

• Get the U.N. to brand Peiping an aggressor. This will kill Red China's chances for admission to the U.N. So if the Chinese really want to join up, they will try to duck getting the aggressor label pinned on them.

• Clamping an economic blockade on China, with U. N. backing if possible. U. S. officials think that even if economic sanctions aren't 100% effective they will pinch the Chinese war machine seriously.

Besides these three main objectives, Washington is seriously considering other moves:

 Arm the anti-Communist guerillas in South China. It's estimated there are 500,000 of these operating now, though only some of them are pro-Nationalist, and many are merely bandits. Still, if they could be armed and organized, they might make China think twice about driving into Indo-China. Chiang's forces would be kept in Formosa to defend the island.

I. Holding the Line

The key to the new strategy is U. N. resistance in Korea. Washington thinks there are signs now that the Korean war is costing Peiping too dear. The Chinese Fourth Army already has been badly chewed up—and Washington suspects it is the instrument of the most



LEADER of Red China: Mao Tse-tung

pro-Soviet wing in Mao's government. Continued attrition, say U.S. officials, will dampen Peiping's hopes for easy

Holding the line in Korea is expected to pay off, too, in the non-Communist Asian countries, especially Japan. Washington is convinced that, if U.N. forces quit Korea now, the Japanese would lose all faith in our promises to defend them. That, in turn, would lead the Japanese to stay neutral in the East-West struggle, or sell out to Moscow.

If the new strategy works, you can expect some sort of stabilization in Korea on a new "38th parallel." Then, if Mao's regime still seems solid after that, we would be about where we were before the Korean war started in June. But if Mao looked weak, we would put on more pressure to try to topple him.

• Berlin—When Washington explains its aim in China, it points to the Berlin crisis. Russia made a grab for the whole city in 1948.

The U.S. set up the airlift, put a counter-blockade on East Germany, brought diplomatic pressure to bear. Moscow backed down.

If Mao is ready to put everything he's got into the conquest of Asia, this U.S. policy won't work long-term, of course. The U.S. hasn't the military resources. Washington still feels China is a secondary front; it isn't prepared to make a major effort there at the expense of Western Europe's defense.

II. The Great Split

The United States faces a problem in dealing with its allies, too. The split over Red China is far from being unimportant; it goes very deep. For example, the U.S. plan to undermine the Mao government runs smack into British tactics.

London thinks the Chinese Reds are here to stay. Its aim, then, is not to upset a fixture, but to split Red China off from Moscow. Thus, the two policies will tend to cancel each other out. Our efforts to topple Mao would tend to drive them further in the opposite direction.

• Unlimited War?—But the basic fear in Britain, and in Western Europe, too, is that a "limited war" will slide into an unlimited war. At the worst, that would lead to a conflict with Russia while the West was still unarmed. At the best, it would mean a diversion of U.S. strength to the Far East at a time when Western Europe desperately needs help.

In the present situation, the British feel blandishment will gain more in China than force.

• Two Interpretations—At bottom, this feeling is based on a different interpretation of why the Chinese Reds intervened in Korea.

The dominant view in Washington today is this: Moscow and Peiping planned the conquest of Korea together. Peiping was in on the North Korean attack from the start. Otherwise, it would not have supplied the North Korean government with such a large number of Chinese-trained and Russiantrained ex-Korean troops from its own

The British and most of our other allies think that Red China may have intervened mainly as a defensive movewithout much prodding from Moscow. Hence they argue that things might have gone differently if the U.S. had agreed to recognize the Mao government a year ago, granted it admission to the U.N. Even failing that, they think that the Chinese Reds would not have swarmed into Korea if General MacArthur had not tried to push right to the Yalu River.

• Two Conclusions—The U.S. feels that force is the only means of dealing with Peiping today. The British think anything beyond the present military action in Korea would be a provocation. They put an economic blockade in this category, especially if it comes in the form of an angry gesture from the

In the event of a showdown, of course, the British and French are likely to follow our lead. But meantime, they will try to get Washington to go slow. That means the most we can expect from the U. N. immediately is support for a resolution tagging Red China as the aggressor. It may mean, too, that our new "stop-Mao" strategy will unfold a lot more slowly than Washington would like it to.

\$87-Billion Worth of Contracts

Defense Dept. now has a program for arms buildup over next 18 months. Main buying will be for tanks and aircraft. Factory expansion will be held to a minimum.

For the first time since Korea, the military buildup is more than talk and plans. People couldn't pick up a newspaper this week without reading about contract awards.

• What Did It?—The cause of it all is a basic decision at the Pentagon. After months of backing and filling, the Defense Dept: has finally made up its mind about the kind of military machine it wants in 1953. It has decided on how big an Army, Navy, and Air Force it wants, how they will be trained, how they will be armed.

Military planners are now in the midst of laying out their giant procurement schedule. By the middle of February, they will have it 50% complete; two weeks later, all major items will have been put down.

• Size of the Bill—What it all adds up to is a program for ordering \$87-billion worth of munitions between now and perhaps November, 1952. That's all hard goods; things like food and payrolls have been excluded from the total.

Today contracts are being placed at a rate of \$3-billion worth a month; over the next 18 months this rate will step up steadily—to \$3.4-billion in February, around \$3.6-billion in June, \$4-billion by yearend, and more than \$4.5-billion by June, 1952.

If business hasn't seen contracts yet, it won't have long to wait.

Arms Goal—Washington's planning right now is based on a multiple goal:
 A well-equipped armed force of

3,472,000 men by mid-1952.

 A stockpile of munitions to carry this force through a period of actual fighting and to start arming the larger force that would be raised for an allout war.

 Munitions production capacity big enough to meet the full wartime replacement needs of this force and to form the nucleus of a fully mobilized munitions industry.

For businessmen there are two significant things to notice about the program as it has been drawn up: It relies mainly on existing factories; there will be as little as possible of the bricks-and-mortar type of industrial mobilization. And there is little room in the program for the small manufacturer; the simple things, the mess kits and small-arms ammunition, which kept small companies busy in World War II, are already in plentiful supply, left over from the last war.

Up to now, the Defense Dept. has

let about 500,000 contracts, for a July-December total of slightly more than \$12-billion. Heading the buying list were the heavy items—tanks and aircraft. • Needs—Both these weapons will con-

tinue to figure big in the months ahead. These are the plans:

Army. Tank procurement will be very high for the next two years—about 20,-000 medium models annually. Heavy ammunition will run a close second; stockpiling will be heavy. Supplies of heavy guns, rifles, and machine guns are adequate now, and they won't be ordered in volume. A prime need is for 3.5-in. bazookas and recoilless artillery.

In the U.S., there are no plans for construction of new camps. Existing facilities will be modernized—far cheaper than building. Outside the States, however, there will be new bases, particularly in Alaska.

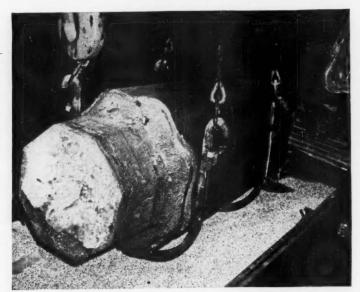
Air Force. Air Force procurement is intended to build productive capacity for 50,000 planes a year, 10 times this year's expected output. This figure might eventually be revised downward; jets are turning out to be able to take more punishment than propeller aircraft, don't have to be rep aced so fast.

Biggest construction expansion will come in new runways to handle jets and in relocating fields. Reserve stations will be built up, too. Outside the U.S., there will be new bases and expanded

radar nets.

Navy. No new Navy yards are planned and little expansion of present facilities is scheduled. There will be some conversion of Essex-class carriers and modification of submarines and destroyers. In terms of new construction, this won't cost much. Some Navy airfields are in for expansion to handle new jets.

• Research—Besides munitions themselves, there's research on better munitions. Since the end of the war, it has been carried on at a rate of \$500-million to \$600-million per year. This year it will be up to about \$1.2-billion. But about 90% of the funds will go into buying items to be tested by the services—new bazookas, tanks, and aircraft.



Ingot Travels 200 Miles by Rail-White Hot

Vermiculite, a mineral insulation, has made steel history. Using it for packing, Dominion Iron & Steel, Ltd., shipped a 65-ton white-hot ingot from Sydney to Trenton, Nova Scotia, a distance of 200 miles. Traveling in a box on an ordinary railroad flatcar, the ingot reached Trenton at a temperature of 1,575F, a loss of only 195 degrees during the trip. The super-hot journey saved nearly two months working time. Normally, it would have taken six weeks to cool off the ingot before it could be shipped at Sydney. Then, at Trenton, it would have taken 10 days to heat it back to a workable temperature. The photograph above shows a crane lowering the ingot into its bed of vermiculite on the railroad flatear.

Aluminum Kick

U.S. producers don't want Washington to support Canadian aluminum expansion. Plans drawn for new U.S. capacity.

U.S. aluminum producers-notably Reynolds Metals and Kaiser Aluminum -are out to block any government deal to aid Canadian aluminum expansion. • Two Trys-A few months ago, with the help of Congressman Celler's antimonopoly committee, they came down hard on Administration officials for toying with a Canadian offer of new aluminum supplies. In return, Canada wanted U.S. purchasing commitments, financing of plant, or allocations of materials for expansion.

Now the Canadians are back for a second try. Next week, Nathanael V. Davis, president of Canada's Aluminium Ltd., appears before a congressional committee. His testimony should make clear whether Alcan plans to go ahead with its expansion, with or without

U.S. help.

• U.S. Capacity Grows-The U.S. government is already committed to expanding our aluminum capacity by about 1-billion lb. Producers' expansion plans have firmed up in remarkably short order. The Interior Dept.'s Defense Power Administration has approved power planning for all but 170million lb. of the new capacity. Much of the power will come from southwestern gas fields, where it's cheap

Kaiser Aluminum & Chemical Corp. will settle on one of five sites in the natural gas fields of West Texas and southern Louisiana for 200-million lb. of new capacity. Gas engines and perhaps gas-fueled steam plants will sup-

ply the power.

Reynolds Metals will add another 200-million lb. Part of the new capacity will be installed at Jones Mill, Ark., where power will come from natural gas steam plants of Arkansas Power & Light Co. More of Reynolds' expansion will be located in the Texas gas fields.

Apex Smelting Co., one of two new producers, also is going to Texas, probably in the Corpus Christi area. It will build a 108-million-lb.-capacity plant.

Harvey Machine Co., the other newcomer, will put its 144-million-lb. plant in northwestern Montana near the Bureau of Reclamation's Hungry Horse dam. Some of the power for this project also will be supplied by Montana Power Co.

Alcoa, biggest and oldest of the American producers, has a 398-million-lb. expansion program in the works. It will reactivate two plants with a total capacity of 158-million lb. at Badin, N. C., and Massena, N. Y. It will also add 70-million lb. to its gas-fueled plant at Point Comfort, Tex.

Still to be accounted for powerwise is 170-million lb. of capacity which Alcoa is to construct. One possibility is near coal fields in the Ohio valley. Low-cost steam power such as is produced at American Gas & Electric Co.'s new Philip Sporn plant is the lure. Another possibility is a site in the Northwest, near Wenatchee, Wash.

Liquor Cutback? Not Now, U.S. Says

It was a week of confusion for distillers and drinkers.

· Rumors cropped up all over that the U.S. was getting set to order a cutback or shutdown of whiskey output.

· Agriculture Dept., National Production Authority, and the Treasury's Alcohol Tax Unit all pooh-poohed the

· But Agriculture admitted it was drafting a program for partial or complete cutbacks-just in case.

• Getting Ready-The "in case" might be just crop failure. Or it might be more. Some in the liquor business see forced conversion as a strong possi-bility even if harvests stay big. They think mobilization's growing appetite for industrial alcohol won't be satisfied unless consumer output is cut back.



JATO Boosts a Packet

The first Fairchild C-119 Packet plane with a jet-assist-takeoff installation zooms into the air over Hagerstown (Md.) airport. Kicked along by the blast from 16 JATO bottles, the Packet broke ground in 460 ft. from a standing start.

Steel Merger?

Rumors of one between Pittsburgh Steel and Allegheny-Ludlum send former's stock skying. Both companies gain.

Ever since Christmas, rumors have been rampant in Pittsburgh of a proposed merger of Pittsburgh Steel Co. and Allegheny-Ludlum. Not till last week, though, was there any word that smacked of the official. Both companies then admitted that merger negotiations have been going on. Beyond that, no comment.

· Nice for Stockholders-If the rumors have done nothing else, they've made money for those fortunate enough to own Pittsburgh Steel stock. The prior preferred, the only regular dividend payer of Pittsburgh's four issues, jumped 22½ points in 18 trading days between Dec. 26 and Jan. 17. Even the common, which hasn't paid a dividend since 1930, climbed from 17½ to 30. It was pretty clear, from the trading, that Pittsburgh had something to gain

from the merger. The market was not so sure, though,

that Allegheny-Ludlum would come off so well in the deal. While Pittsburgh's stocks were soaring, A-L's common idled within a 31-point range, finally slithered into a 3-point loss last week. This in the face of big gains in other steel issues: Bethlehem-up 9, Jones & Laughlin-up 6%, U.S. Steel-up 5%. · A Natural-Apart from the market's reaction, steel people around Pittsburgh for the most part feel that the merger is a natural. For one thing, the two companies are more complementary than competitive. Pittsburgh is a car-bon-steel producer. It makes wire and tube, primarily. Allegheny-Ludlum, on the other hand, is an alloy-steel producer, one of the largest. Together, the two companies could get a wider mix of products, which might add appreciably to the dollars-per-ton that they are getting from their properties now.

Pittsburgh operates three blast furnaces at Monessen, Pa. It has pig iron to sell. But Allegheny-Ludlum has to buy all its pig. An assured access to Pittsburgh's pig iron, ore, coal, and coking facilities would be especially welcome to A-L these days. And it could make its flat-rolling facilities available

to Pittsburgh in return.

• A Bargain-After all, say most Pittsburghers, where could you buy three blast furnaces less expensively than for Pittsburgh Steel's \$27,450,000 net worth? They also point to the need for Allegheny-Ludlum to hold its competitive position in an industry that today is expanding all over the map.

Autos Still Roll

Production will continue high in first quarter. After that may come the steel-saving drop that Washington desires.

Automobile production is still rolling strongly, but it's bound to slow down sometime. As of today, though, no one knows precisely when that will be.

When the auto makers gathered at Washington last week, National Production Authority Chief William Harrison had one question uppermost in his mind: "How long before aluminum and copper limiting orders will hold back the auto companies enough to free steel for other uses?"

 No Precise Date—Harrison got only half an answer; the auto people said no one knew all of it. They admitted they were facing substantial problems.
 But generally they did not seem to feel that these would cut into their production before the second quarter. No one had a precise date.

Actually, aluminum and copper limitations have not yet had time to affect autos. Copper, which was in supply pipelines when its use was cut back, was not involved in the limitation. It will be late in the first quarter before that supply ends.

As for aluminum, it's not the problem for everyone that Washington thought it would be when the restraints were put on. In General Motors, for example, Chevrolet and Pontiac use cast iron pistons and comparatively little aluminum. Buick's high-volume line, the special series, is shifting from aluminum pistons to iron with no serious difficulty. Cadillac and Olds alone have serious difficulties in reducing their use of aluminum.

• Diversion—That situation is unique to GM, but the Chevrolet-Pontiac-Buick group in itself represents about 30% of the entire passenger car industry. Obviously, Washington will have to move beyond aluminum to accomplish its primary goal of the moment—diversion of steel.

Assemblies of cars and trucks in the first 1951 quarter will approximately equal that of the same 1950 period, when 1,726,153 were built. But you must remember that last year Chrysler was strikebound during February and March, subtracting a possible 355,000 from the industry total. So the anticipated 1951 output of 1,750,000 assemblies in the first quarter actually indicates an industrywide decline of around 15%, or it may be considered as a drop of 12% below the last quarter. Auto men all agree that they will have to cut production somewhat at a season when

they would ordinarily be stepping up the rate.

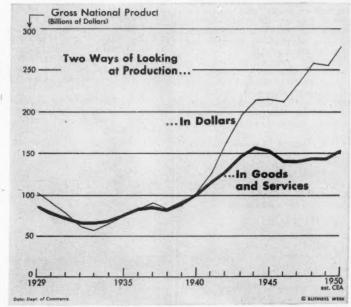
There is no agreement on exact dates. A fair guess might be that the second quarter will see built around 1,600,000 cars and trucks. Tighter steel or other limitations—which may well come out of Washington—would cut that estimate.

• Holding Men—Generally, the auto people would not be too concerned right now over production except for one factor: employment.

As they see it, the one great asset they can throw into national defense is integrated management-from top officialdom down to hourly-pay people. That lineup can be maintained only as long as they can continue production. If layoffs of any dimension take place, they lose hourly people permanently, in a period of manpower scarcity.

 Labor Agrees—The auto companies stressed that view over and over again in Washington last week. And the CIO Auto Workers Union, their old-time adversary, stood steadfastly beside them.

Employers and union want car cutbacks to be held off. The reason: Auto company shift to defense work is a long, long way from production and full employment.



Yardstick for Production

Even in these days of fast spending, no government bureau can make a dollar disappear quicker than can the Dept. of Commerce.

By taking the total of money spent for goods and services in 1950, and correcting for price changes, the Commerce Dept. has sliced \$126-billion from the cross patienal product

from the gross national product.

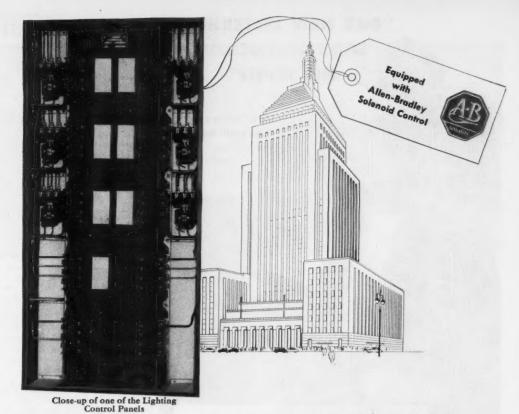
Here's how it works: The gross national product (the sum total of spending by consumers, business, and government) is reported in current dollars. So as prices rise, the same physical output would show up as an increased dollar value of national product (light line in chart).

That's what's been happening since 1940. The heavy line in the chart indicates physical quantities of goods and services measured in 1939 dollars.

For instance, from 1941 to 1944 the total product, measured in dollars, increased by 69%. But measured in "real" units, the product rose by only 36%. The balance was pure inflation.

Now, no matter what happens to the value of the dollar, a useful yardstick will be available to compare actual output of different periods—and the Dept. of Commerce thinks the yardstick a pretty reasonable one. Up until now, attempts to reduce output to a constant dollar have been rather crude.

Besides keeping track of annual changes in real product, the new series makes it possible to compute over-all production trends. Applied to the period from 1929 to the present, the Commerce Dept. says that the average annual increase in productivity per manhour is "somewhat in excess of 2%."



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The overwhelming preference for Allen-Bradley controls is easy to explain. No other controls are so trouble free.

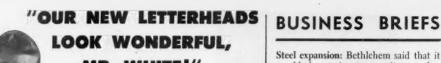
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Name

(Please attach to, or write on, your business le terhead)

THE WATERMARK

Steel expansion: Bethlehem said that it would boost ingot capacity another 1.6-million tons by the end of 1952. Fast writeoffs are expected to cover a substantial part of cost. . . . Great Lakes Steel began building a fourth blast furnace, slated to add 500,000 tons a year. . . Newly organized Tennessee Steel Corp. asked NSRB for a certificate of necessity to build its 136,-000-ton mill at Oncida, Tenn.

The cure for Long Island R.R., said the state-appointed study commission (BW-Dec.2'50,p93), is a nonprofit, self-sustaining transit authority. Other essentials: higher fares, exemptions from property taxes.

Phone rates too high? Federal Communications Commission thinks longdistance ones may be, plans to start hearings in April to find out. Bell System's reaction: "It doesn't add up."

Akron hiked prices on tires sold to auto makers by 121% to 171%. The move apparently had unofficial approval from Washington. Meanwhile, a ban on manufacture of premium passenger tires and tubes seemed near.

People Today (BW-Oct.21'50,p54), Newsweek's pocket-size competitor to Quick, was sold to Hillman Periodicals (Screen Guide, Crime Detective, Real Romances). One guess at price: \$2million

Ohio's rubber railroad (BW-Dec.16 50,p26) came up again in the state legislature. The giant belt conveyor, which would carry ore and coal between the Ohio River and Lake Erie, never got beyond committee two years ago. Supporters think it will this time.

Tetraethyl lead: Du Pont announced a new process to make it continuously, said it would install the equipment in a plant to be built at Deepwater Point, N. J. Production mark is 50-million lb. a year.

War orders poured into Detroit. Cadillac: \$106-million for undisclosed combat vehicles; \$190-million for light tanks. . . . Chrysler: \$99-million for a secret-design heavy tank; \$100-million for Continental tank engines; \$90-million for medium tanks. . . . GMC Truck & Coach: \$44-million for 21-ton trucks.

Alcoa will build a new processing plant near Bauxite, Ark. Goal: 50% boost in its output of alumina, the refined ore used to produce basic aluminum.

RIGHT for the Merchant Marine ...



► For over 30 years the Sperry Gyro-Compass has provided many ships of the U. S. Navy and Merchant Marine with non-magnetic true-North indications. Today it is standard equipment on two-thirds of the world's ocean-going vessels.

► In merchant ships this versatile instrument controls a steering repeater in the wheelhouse, as many bearing repeaters as required and a course recorder for logging the voyage. Automatic straight line steering is another advantage obtained through the Gyro-Compass in conjunction with the Sperry Gyro-Pilot.

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SPERRY GYROSCOPE COMPANY

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This Mulsomastic Floor takes 300 tons a day on 2-ton lift trucks-one-ton loads on small "electric jeeps". At one point where the floor is 3 years old and in perfect condition, it is subject to heavy trucks stopping suddenly with loads being thrust upon the front wheels. The trucks then swivel in a small area. Jack Dyer, in charge of maintenance, said to Tremco Man Evan Bignell that any floor standing these conditions is a good floor, and that Mulsomastic is the only material that has met their requirements.

Diagnosis and "Know How" Make Good Floors

We know that Mulsomastic isn't the perfect answer to every floor problem but Tremco men know how to diagnose unusual floor problems and develop sound low-cost remedies. They can instruct your own men, or show a good local contractor how to get the job done right.

Durability PLUS

Where Mulsomastic is recommended, you

not only get a durable floor but one that is resilient, warm, quiet, fireproof, waterproof, non-slippery, vermin-proof, and sanitary. From a patch to an acre, from ½" thick up, you can't do better than let the Tremco Man look at your floor problem.



Evan Bignell Tremco Man



TOUGH DEFENSE BUSINESS

Machine Tools Mobilized

New program scraps machine tool civilian backlog—except for tools partly finished. Producers will get DO orders from a government-compiled pool. From then on, NPA will be the industry's boss.

The government is making its first try at gearing an entire industry to the needs of mobilization. The industry: machine tools.

For months, machine tool builders have been clamoring for government scheduling of their production. While the mobilizers aren't ready for this yet, they have come up with a scheme that puts some order into machine tool output. Without such a plan, the industry might become a formidable drag to the speedy military buildup planned by Truman and his top advisers.

• The Plan-Here's the plan being worked out by experts at the National Production Authority, the Munitions Board, and other mobilization agencies:

Machine tool builders won't be permitted to start work on the huge backlog of "civilian" orders they have on the books. That's about a year's worth of orders at December production rates.

But they will get positive aid from NPA officials so that they can get the materials and components to finish up tools that are partially completed

As this "civilian" production is completed, companies will get orders for general-purpose machine tools. The orders will come from a "pool" or list of such tools compiled by the procurement officers of the Defense Dept. and NPA.

• Priorities—On these orders, the machine tool builders will be given a priority claim on their suppliers—something they don't now have. As soon as each pooled-order machine tool is finished, it will be allocated by the mobilizers to the manufacturer who needs it most—for either military or essential civilian production

The companies are to be kept working on "pooled orders" until the time when military requirements are broken down to the point where procurement officers—and prime contractors—can determine what specially designed tools will have to be built to mass-produce the items needed.

The details of just how this scheme is to be carried out—and by what agencies—weren't yet decided at midweek. But the decision has been made.

The plan makes use of the so-called "phantom orders" worked up by the National Security Resources Board during the last couple of years (BW-Oct.9 '48,p21). The phantom orders actually were a schedule of production of general-purpose tools to which the producer was to convert when he got the word from Washington.

• NPA Is Boss—Now, all this planning has been turned over to NPA. Its machinery and equipment division is at work with Munitions Board experts updating the kinds and numbers of the tools in the "pool." The best guess is that within 90 to 120 days machine tool builders will be ready to take on such orders. And by that time NPA—or perhaps Harrison's new Defense Production Administration—will be ready to place them.

As military requirements move out into industry as definite contracts, prime contractors or the military will be ordering special-purpose tools designed for particular tanks or engines in the program.

From then on, the industry's entire production will be scheduled from Washington. Mobilizers will determine the kinds, quantities, and rate of output of machine tools. They'll make their own decisions as to the needs of the mixed military-and-civilian economy they have to control.

All this has been a ray of hope to the 260-odd machine tool makers. Ever since Korea, they have been snowed under with orders from companies who figured they'd better get theirs while the getting was good.

 Why the Ban-But they were getting bogged down because NPA had specifically banned any use of its DO priority to get machine tools or other capital equipment. This in turn prevented the machine tool builders from getting a priority on materials and components they needed.

Among the reasons for this policy:
Officials were wary lest promoters with nothing but a military contract would use their priority to get everything else they needed to set themselves up in business. Besides, there was a danger that everybody would bid for government business to avoid any tieup of their established production lines.

• Financing—One question not yet cleared up: how to finance companies

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SCOTTISSUE TOWELS Symbol of the right kind of washroom

working on pooled orders? Here are two alternatives being considered: Let General Services Administration place the order, pay for it on delivery if there is no contractor or company that needs and wants the tool when it's completed. Or, let Reconstruction Finance Corp. guarantee any private loan to a company working on pooled orders, up to a certain percentage of the value of the order.

Steel Alloys Cut

NPA orders bigger share of steel output—particularly stainless—for defense. It also cuts tungsten use Mar. 1.

The steel industry announced its biggest production in history this week—but it still wasn't enough. Just as steel producers were promising to boost weekly output above the 2-million-ton mark, National Production Authority came out with tighter allocations for steel and steel alloys. It also cut back tungsten use, effective Mar. 1.

Increased military demands—particularly for jet engines—brought the new restrictions. Stainless steel is the only thing that will do for afterburners in jet engines. And it takes large quantities of tungsten to make the high-temperature alloys that go into jets.

• Steel—NPA revised its original steel order, raising the amount of steel that producers must set aside for defense (DO) orders from 2% to 15% on a broad range of products.

The stress was on stainless steel and alloy items. Under the old order, producers were required to commit up to 10% of their average output of hot-rolled stainless sheets and strips to DO contracts. Now they must set aside 25% of their output to fill defense orders. The limit was raised to 35% on sheets and strips made of other alloys.

NPA also set new inventory limits for users of steel. These were 45 days' supply for consumers of any type of steel and gray and malleable iron castings, and 30 days' for consumers of pig iron.

• Tungstén-Beginning Mar. 1, steel producers will have to cut down sharply on their use of tungsten. They must hold deliveries of high-speed steels containing 12% or more tungsten to 20% of total deliveries of tool steel. They must keep 80% of deliveries to "class A" types-containing 6.75% or less tungsten.

Also starting Mar. 1, no more than 50 lb. of tungsten may be used by any manufacturer in any three-month period in grinding wheels, pigments, or coating materials.



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Drain on Building

Military construction will hit \$8-billion in next 18 months, taking more materials than building restrictions now save.

Orders for deeper cutbacks in civilian construction are sure to be on their way soon. Present restrictions on commercial and amusement building, plus credit controls on housing, by themselves won't release nearly enough materials and capacity to meet the needs of military and defense plant expansion.

• Military Building—In fact, they're not even adequate to take care of mili-

tary construction alone. Within the next 18 months, Army, Navy, and Air Force will place over \$8-billion in contracts for new airfields, new docks, new training camps. This demand will be about four times as great as the supply made available by the building restrictions now in effect.

In the current fiscal year-ending June 30-military public works commitments will run about \$2-billion. Actual spending won't be that high, though. Many of the jobs will run over into the next fiscal year.

Soon after July 1, military public works awards will really start to climb. In the 12 months of fiscal 1952, the military will sign contracts for about \$7-billion of construction projects. The Navy will order a big portion of the new business, but the biggest buyer will be the Army Engineers. It builds for both the Army and Air Force, and the Air Force will be making the largest expansion of the three services.

• Airfields and Camps—Housing for a 1.8-million-man army is already available in World War II camps. They need only minor restoration. The Navy, too, finds World War II shore bases adequate for current needs. Navy Air Corps will lengthen its airfield runways, and it will have to take a few of its fields out of congested areas where runways cannot be extended.

But an Air Force expanded to 95 groups will need almost an entirely new plant—not only bigger airfields but also new bases and camps, both in the U.S. and abroad.

 Small Savings—Présent restrictions on civilian construction don't leave enough slack in the industry to take care of these military building programs. Construction controls now in force will save only about 4% of total construction, which this year is estimated to reach \$22.6-billion.

Amusement construction, banned on Oct. 26, would account for less than \$500-million in a good year. And commercial construction, which goes under

licensing Feb. 15, would total only \$14-billion in a year like this and will not be stopped entirely.

Commercial jobs will be authorized to go ahead if builders can show the regional control boards that their projects are essential to (1) the defense effort, (2) the health, safety, or welfare of the people, or (3) the business health of the community. Further, a construction license will be granted to any builder who can show that he would suffer unreasonable hardship or loss if his project were stopped.

Under these liberal rules, it's pretty sure that at least half of the normal volume of commercial starts will get under way this year. Once started, they won't be stopped, barring total war.

Unicel for Army?

Defense Dept. may order new plastic-and-wood freight car, while railroads are still waiting for ICC approval.

There were strong indications this week that Pressed Steel Car Co.'s revolutionary new cellular plastic-and-wood freight car—Unicel (BW-Oct.21'50, p76)—may join the Army before it becomes standard equipment on U.S. railways. Army Transportation Corps has been eyeing the experimental lightweight car for four weeks, is intrigued by its possibilities. Some ATC officials think the Defense Dept. should place a good-sized order if Unicel can stand up under strenuous tests. Pressed Steel Car itself has no comment on the reports

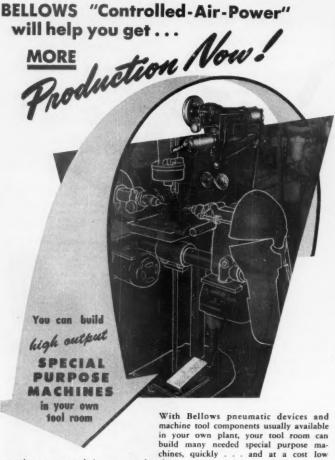
Currently, American Assn. of Railroad is getting ready to start testing the car to see how much of a beating it can take. AAR's tests will take about four months. Afterward, AAR will turn over its findings to the Interstate Commerce Commission. No commercial carrier can buy the car until ICC O.K.'s it

• Several Years—Army railroaders don't have to wait that long. If Unicel shows it can stand up for several years in military transportation, the Army can order it whenever it chooses. To Pressed Steel Car, this would mean that an initial first order of 50,000 or 60,000 units might enable the company to get its new item into mass production.

Unicel was unveiled late last fall as an answer to the steel pinch. ICC commissioners are deeply interested. One reason: the delay in getting conventional freight-car production up to 10,000 cars a month, the goal set last October.

• Lack of Steel—National Production Authority has allocated sufficient steel for an output of 10,000 cars a month





enough to warrant their use even for short runs.

Take the machine shown above, designed by a methods engineer of Ansco Camera Works, and built around a single Bellows "Controlled-Air-Power" Feed. It drills holes in a camera flash unit housing. This relatively simple and inexpensive tool room built machine increased production from 585 to 4000 parts per day. This story išn't unusual. It's typical of hundreds of case histories in our files, from

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history mentioned above (FF50-656) and a copy of "Faster, Safer, Better Production"? It's worthwhile reading. No cost, No

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The Bellows co.

in the first quarter of 1951. But fabricators and car builders haven't been receiving enough steel to meet that goal. December car output was 5,700. January's (and probably February's) is estimated as close to 7,000.

In view of this delay in getting up steam for the car-building program, Army transportation officials see Unicel as a good detour around steel shortages, without forcing cutbacks in civilian production. But the Pentagon wants to know more about Unicel's fire-resistant qualities, the toughness of its underframe, and other characteristics, before any investment is made. A military testing program may start soon.

DEFENSE BUSINESS BRIEFS

Synthetic rubber for civilian use in January has been chopped 17.3%. Originally, about 52,000 tons of synthetic was allotted to civilians—more than half the total civilian rubber allotment. Then NPA scratched off 7,650 tons of GR-S. Main reason for the cut: Bad weather and mechanical hitches slowed the government program to take synthetic plants out of mothalls.

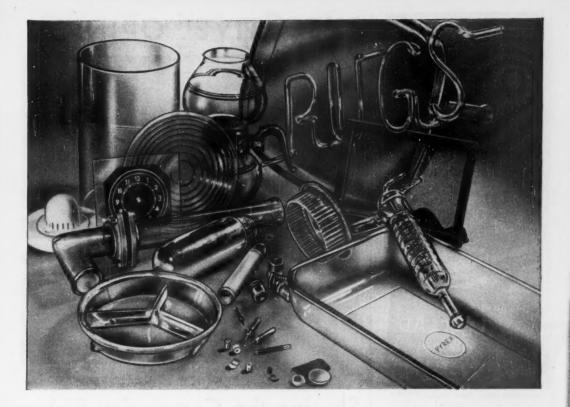
No more nickel for auto trim, doorknob plating, and other nonessential uses, says NPA. The metal can still be used in functioning parts for which there's no substitute.

Leather producers, fazed by military orders, got these ceilings on the DO business they must accept: 10% of their January-October, 1950, output of goat and kid; 15% of sheep and lamb (except shearlings); 20% of calf, cabretta (except shoe), bag, case, strap, and harness; 25% of shearlings.

Kaiser-Frazer is newest subcontractor for Lockheed Aircraft. K-F's Oakland (Calif.) plant will make and assemble components of Lockheed's P2V, Navy antisubmarine patrol plane.

A voluntary tanker pool was agreed on by operators and the Maritime Administration. To meet military needs, owners will hold their ships on call for government charter service; a Tanker Requirements Committee will pass out assignments. Needed now: approval of the plan by Justice Dept.

First basic chemical to be controlledchlorine-was placed under DO orders by NPA. Essential civilian users are assured of same supplies they got last year. But producers won't have to accept DO-rated orders in excess of 10% of their scheduled production.



NO MATERIAL PROBLEM HERE . . .

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Every part and product in this photograph is made of glass by Corning. They run the gamut from buttons, through electronic inductances to cooking utensils. Some have high insulating properties, others conduct electricity. Where one is flexible, another is tough and corrosion resistant. All have one thing in common—they are manufactured from one of the many glasses available from Corning right now and at low cost.

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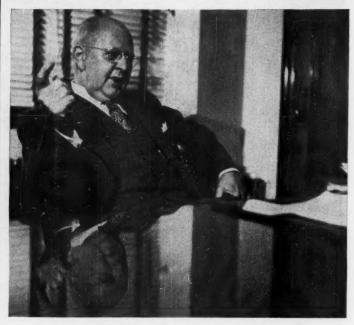
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EXECUTIVE OPINION



"Futures trading helps the ultimate consumer. That's because speculators are . . ."

Sharing the Commodity Risk

Food producers need smaller profits because traders absorb the risk of price fluctuations. Chicago Mercantile Exchange provides a supervised market for these dealings, says O. W. Olson.

Are commodity exchanges necessary? Does commodity trading, especially the speculation in futures markets, raise living costs unduly? Do such exchanges require more federal regulation? Or would this seriously cripple their machinery, have a harmful effect on consumer pocketbooks?

To get some views on these controversial questions, Business week took its portable microphone to the office of Oscar W. Olson, executive vice-president of the Chicago Mercantile Exchange. Olson's exchange is closer to your dining-room table than any other mart. On his trading floor, deals are negotiated for the staple items that are on every housewife's shopping list.

BW: Mr. Olson, just what does the Chicago Mercantile Exchange trade in? OLSON: Eggs, butter, onions, ap-

ples, potatoes, dressed poultry.

BW: So in one important respect, it's a somewhat different type of commodity market from the grain exchanges?

OLSON: That's right. All the items are actually eaten in practically the same form as they are sold on our exchange.

BW: Exactly who uses your trading facilities?

OLSON: Many classes of traders. We have the people who produce the commodities—growers, egg producers, creameries. Then there are the people in between—those who handle these commodities from the time they are produced until they reach the warehouses or the large terminal markets; the people who sell to retailers or direct to consumers.

BW: But there are others, too, aren't there?

OLSON: That's right. A vast number of people find trade profitable on

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the exchange. There are speculators—who use it only to make a profit.

BW: And you might add the food product manufacturers to your list? OLSON: Very much so. Manufacturers of candy and spaghetti might hedge their needs by buying eggs. Also mayonnaise makers and bakeries.

BW: Exactly what is a futures con-

OLSON: Briefly, a sale for future delivery that specifies the commodity, the grade, the quantity, and the price. The month in which the delivery must be made is specified.

BW: How far ahead do they run? OLSON: Twelve months is the limit. BW: Why do we need commodity exchanges?

OLSON: So that there will be no question about the fulfillment of the contract. The exchange guarantees fulfillment both for the buyer and the seller.

BW: How long has the Mercantile Exchange been in existence?

OLSON: It was started in 1919 and grew out of the old Chicago Butter & Egg Board. There had been futures trading before this. But it was done privately—just writing on a piece of paper that the seller agreed to deliver such and such a quantity at some time in the future. Very unsatisfactory because trading wasn't supervised. Contracts could pass from one hand to another, and eventually somebody might not fulfill its terms.

What we do is make the seller and the buyer deposit with us a sum of money, which we call margin. We see to it that this margin is maintained every day in accordance with the fluctuations of the market. The market goes up, the seller has to put in an additional amount of money. The market goes down—the buyer has to put in an additional amount. So at the end of the day there is always that cushion.

BW: If we didn't have exchanges, the economy couldn't operate on its present basis?

OLSON: Yes. I think we should say this. Commodity exchanges like ours are organized to supervise the fulfillment of futures contracts. But they do something else important, too. The commodity business is a risky one. Through our operation the risks in the ownership right down the line can be transferred at any time, in whole or in part, to other people—whom we call speculators.

BW: That is, a producer, let's say, doesn't have to worry about when or where he can sell his product. In fact, he can sell it before he grows it-hedge the risks he is running?

OLSON: That's right. Admittedly, the ownership of anything carries with it a risk. But there aren't the fluctuations in other goods that there are in



"Private trading was very unsatisfactory because it wasn't supervised."

agricultural commodities. The price of agricultural commodities is dependent on so many factors—the supply and the demand—with the supply affected by weather conditions and the demand affected by economic conditions. By having an exchange, we have focused all these forces that result in price changes at any particular moment.

The man who owns agricultural commodities—whether he is a grower, a handler, or a man who is storing them for future sale to consumers—has a risk because the price can change. But if he uses an exchange like this, he can sell any part of his holdings for future delivery and know definitely that he has transferred the risks of ownership to somebody else.

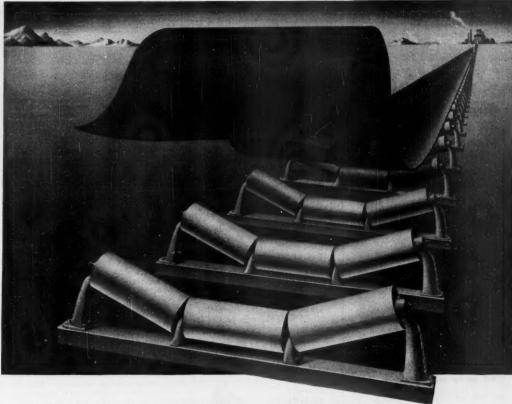
I think it is important to realize that the speculator performs a most useful function. He is willing to assume the risk of ownership if he is a purchaser, and he is willing to assume the risk of furnishing the goods if he is a seller.

BW: Of course, that's what makes a market—the fact that one man wants to buy while another thinks it is time to sell

OLSON: That's right. But the exchange doesn't create the risks involved in such trading. We only furnish the means by which the man who has the risk can see the risk and if he likes can transfer it. We have nothing to do with prices. It is the buyer and the seller who fix prices.

BW: How much of your business represents trading by those engaged in the commodity business?

OLSON: I have no exact figures. But it is a growing amount. Producers and people who handle our commodities realize the value of our exchange. So for some time hedging operations of that group have been providing an increasing percentage of our volume. That's as it should be. The basis for our exchange is really the hedging process that makes it possible for the people



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who have the goods to sell them and for the people who actually want the merchandise to buy it.

BW: I suppose the volume of busi-ness done by straight speculators varies according to conditions?

OLSON: That's right. For example, turkey trading last year showed a much higher percentage of hedging operations probably than, we'll say, onions.

BW: Is it true that normally only a small percent of futures contracts is

actually liquidated by delivery?

OLSON: Absolutely—a very small percentage.

BW: How big an amount does one futures contract involve?

OLSON: In the case of eggs, the quantity ordinarily packed in a car lot as it is shipped by railroad. Right now that's 480 cases or 14,400 doz. eggs. Butter is also a carload, or 20,000 lb.; potatoes, 360 bags (100 lb. each); on onions, 600 bags (50 lb. each); on dressed poultry, 10,000 lb.

BW: Is the butter you trade in a specific grade?

OLSON: Yes.

BW: Is the same true of egg con-

OLSON: Yes, the grade that represents 75% of the eggs packed for shipment into warehouses. However, we do allow the seller to substitute lowergrade eggs provided he pays a penalty, and that penalty is enough to compensate the buver.

BW: Are the potatoes you sell Maine

OLSON: No, we sell Idaho potatoes. BW: How about onions?

OLSON: Onions are pretty general. Onions produced anywhere in the U.S. can be delivered on these contracts.

BW: Are any of the other commodities that you deal in centered in specific areas?

OLSON: Apples are the only other one. Our apples come from the state of Washington. The other commodities are largely produced in this great Midwest area. As a matter of fact, that is one reason why the Chicago Mercantile Exchange is a successful organization-because we are geographically located in the center of production, in the center of railroading, the center of warehousing, and the center of people who handle the actual commodities.

BW: How many members does your exchange now have?

OLSON: Five hundred.

BW: Your business doesn't spring just from the Chicago area?

OLSON: That's right. We have among our members most of the large La Salle Street or Wall Street stock and commodity brokerage houses.

BW: You operate under the supervision of the Commodity Exchange Authority? The same way that the SEC supervises the stock markets?



"We have no fault to find at all . . . with the Commodity Exchange Authority.'

OLSON: That's right. I might add that every day we are open a Commodity Exchange Authority representative is present on our floor. Then the CEA gets reports from our members and customers concerning their holdings and so forth. So they supervise trading very closely.

BW: Are you perfectly content with

such supervision?

OLSON: I think it is a good thing because I believe that the outsider, the man who may not know much about the exchange, has a feeling that because the CEA supervises our operations there is added protection. And we have no fault to find at all in our relationship with the authority.

BW: This supervision I imagine approximates that of the SEC over the stock markets-by that I mean if there is, we'll say, a sudden flurry in butter, they will ask your members for a list of the trades they have made on certain days?

OLSON: That's right.

BW: Their investigations are objec-

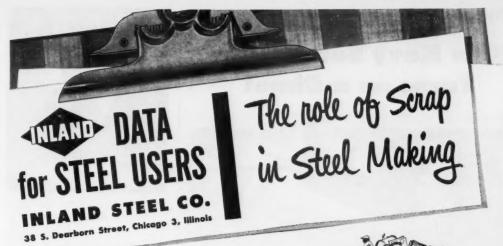
OLSON: Yes.

BW: Do traders on your exchange mainly take long-term positions, or is trading done principally on a quick-term

OLSON: Most speculators, I think, take long-term positions. I think that possibly our hedges here are longer positions than those, for example, on many other commodity exchanges.

BW: Why is that?

OLSON: That's because some of our commodities-butter and eggs, for example-are different from other agricultural commodities in that they are produced every day in the year. We have a surplus season of production in both. So during these periods-usually the spring-the surpluses go into cold starage. The people who carry these inventories can sell for future delivery, hedge, transfer the risk-anything you



One of the most important raw materials in steelmaking . . . one frequently underrated by the casual observer . . . is iron and steel scrap. With over 90% of all the steel in the U.S. being made by the open hearth process, the scrap used by steel producers totals approximately 50,000,000 tons each year.

The open hearth method of steel production is geared to a pig iron scrap consumption ratio of roughly 50-50. This is to the final advantage of the steel user, since a large scrap diet in steelmaking results in a number of benefits: (a) steel is made faster (since scrap has already been "refined" once before, the "melt" time in the open hearth is decreased); (b) vital raw materials are conserved (it takes almost 4 tons of iron ore, coal and limestone to make a ton of pig iron); (c) unless scrap prices are abnormally high, the price of steel is cheaper; (d) steel is of higher quality (since scrap has already undergone one refining process); (e) transportation facilities, instead of being used for the additional raw materials otherwise required, can be released for other uses; (f) steel mill capacities can be expanded more readily with less emphasis on the blast furnace and more on open hearths and rolling mills.

About two-thirds of the scrap consumed in making steel comes from the steel mills themselves. Crop ends and sheared edges move quickly back to the open hearth shop. The remaining third, flowing to the mills largely through the 6,500 scrap dealers in the U.S., comes from the wastage in metal working plants ("production" scrap), auto graveyards, old building, bridge and ship wrecking projects, railroads (worn rails, freight cars, etc.), neighborhood junk peddlers.

The scrap dealers must sort the scrap so that the undesirables are eliminated, the alloys segregated and the right kinds of scrap can be delivered in large tonnages to the mills for most efficient steelmaking practice.

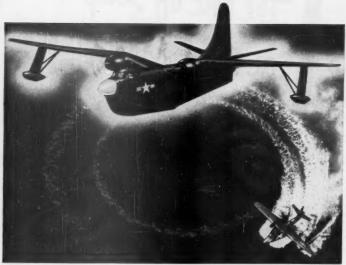
Today, with steel production at record peaks and with capacity continually expanding, it is more important than ever to keep scrap flowing back to the steel mills from every source. Everyone waiting for steel can help himself by assisting the movement of his scrap through his regular channels.



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"World War II price ceilings restricted our trading very much."

want to call it-to somebody else. They can sell contracts for deliveries in the fall and winter when there is less production.

BW: Did World War II price con-

trols affect your trading activity?
OLSON: Yes, price ceilings restricted our trading very much. Here's why: We had the ceiling because the market was firm, and the prices would go higher if we didn't have any ceilings. So naturally since prices couldn't move any higher no matter what, putting them in operation restricted tradings very, very much.

BW: Don't you have limits now governing your daily price fluctuations?

OLSON: Yes, we have a trading limit on every commodity. This means that prices each day can move only so much above or below the previous day's closing levels.

BW: Isn't your exchange the largest egg market in the world?

OLSON: That's correct. Last year we had trades involving over 100,000 cars of eggs. Our other volume is equally important. The value of all dealings here last year ran around one and a quarter billion dollars. And they have run as high as one and a half billion

BW: Do you think futures trading helps the ultimate consumer?

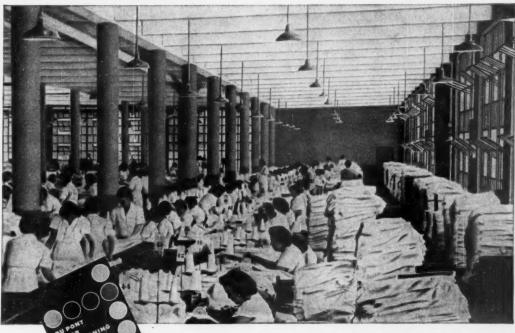
OLSON: I do. For instance, because the egg industry has available to it facilities providing some leeway for hedging and the like, it doesn't have to speculate. Instead, it hedges against price changes. Thus it can carry and handle the goods with a smaller merchandising profit.

BW: Would you like to see price supports removed?

OLSON: Of course, I would-anybody who really thinks about the situation realizes that a free market, where the factors of supply and demand have free play, is in the long run beneficial to both the producer and the consumer.

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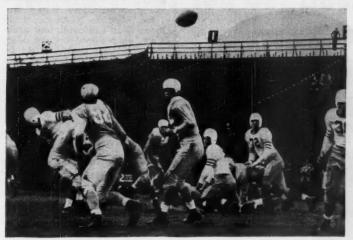
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MARKETING



EMPTY STANDS like these at 1950 New York game have convinced promoters that . . .

TV Disrupts Sports Business

Promoters disagree on whether television is good or bad. But college football will not be telecast next year; other sports may act, too. Still others couldn't live without TV.

The knotholes in fences around ball parks used to be no more than a nuisance to sports promoters—it took only a couple of cops to keep away eager small boys who had spent their dimes in the candy store.

Today, many promoters of major sports feel that television has transformed the nuisance into an ogre that threatens their very existence. It has confronted them with an electronic knothole through which a million pairs of eyes can look at once. They have seen gates at sports events drop off as the number of TV sets increased. In too many cases, the price they have got for TV rights has not offset the loss at the box office.

• Drastic Action—Because of this, some of the promoters have begun to take drastic action. The most drastic came last week in Dallas, when the National Collegiate Athletic Assn. placed a onevear ban on live telecasts of college football. Since practically every big football college belongs to the association, that means that you will see few, if any, games next fall on your 19-in screen.

The colleges have thus made a move that many another industry would like to duplicate in some fashion—but can't as easily. For the fact is that there are many signs that TV has upset the marketing applecart for a whole lot

of people. Hollywood, for example, tends to place the full blame for a plummeting box office on TV. Magazine, newspaper, and book publishers are fretting over the fact that television has played hob with people's reading habits. To all these groups, TV is a new, third-dimensional medium that has brought problems they have never had to face before.

• Good or Bad?—But there's a big question as to whether that is really true. In trying to figure out whether to ban or limit telecasts, sports promoters face a difficult decision. The reason is this: Even though some figures seem to prove that TV is cutting into gate receipts, others show that TV will eventually pay off for sports in over-all income—largely by creating new fans.

Actually, whether TV is good or bad for a sport seems to depend on many factors. A sport-by-sport breakdown shows the wide variety of actions—and opinion—on the whole subject:

I. College Football

The NCAA decision last week to ban TV came directly from the attendance drop at games during the 1950 football season. NCAA and the TV networks had commissioned the National Opinion Research Center to analyze the

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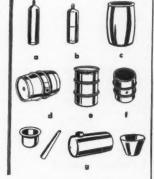
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effect of telecasts on the gate. results were alarming. Attendance at games in TV areas fell 6%; outside the area it increased 2.5%.

Just before the NCAA moved, the Pacific Coast Conference took similar action, which aligned it against college football telecasts along with the Big Ten, Eastern, Southwestern, and Southeastern conferences. This marked a big change in attitude-previously, the PCC had been the outstanding defender of TV. But after the 1950 scason, its commissioner, Victor O. Schmidt, said the league's schools had been "deeply concerned" with the slump in attendance.

The sponsor of PCC's games, Hoffman Radio & Television Corp., took the brunt of the gate loss. It had guaranteed to make up gate losses to the limit of 20% of expected receipts. To meet that guarantee, it had to pay out \$300,000 to the schools. Yet it pleaded for continuation of the agreement in 1951 on the grounds that the schools lost no revenue. Schmidt answered with a flat no because the PCC is "not so disturbed over financial losses as in the fact of half-filled stadiums."

II. Professional Football

The National (Pro) Football League also had a gate drop in 1950. But unlike college football, it couldn't blame TV. It had a deal with ABC under which one game each week was telecast-but only in cities where no NFL game was then being played.

But in Los Angeles, the NFL Rams had its eight home games telecast over KNBH, Hollywood, an NBC-owned and operated station. Admiral Corp. and the station had a gate guarantee similar to that between Hoffman and the PCC on college games (BW-Aug.26'50,p28). Result: Admiral had to pay out \$180,000, the station \$60,-000 to make up for the gate drop. This deal, too, will probably not be repeated this year-although Admiral, like Hoffman, is willing to go along.

III. Professional Baseball

The only area of professional baseball that has really suffered severe damage from TV has been the minor leagues. Telecasts of major-league games, in fact, fatally hurt minor-league clubs in the same areas. The Newark (N. J.) and Jersey City franchises of the International League, for example, were operating right in the powerhouse of three big-league teams in New York, all of whom were telecasting all home games. Result: Both have been forced to move to other cities, away from the TV showings of the major-league games. · Uneasy Outlook-But now the major

leagues themselves are uneasy. No def-

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NEBRASKA RESOURCES DIVISION STATE CAPITOL BLDG. • LINCOLN inite action came out of a conference they had last week with radio and television people—largely because the National Assn. of Broadcasters offered to help baseball with its technical radio and TV problem. (But the NAB, just in case, is understood to be readying a plan to take to the courts to protect its broadcast rights if the leagues suddenly get tough.)

Meanwhile, individual teams are taking some action. The Washington Senators have cut the number of telecasts of their home games from 77 last year to 21 this. The Cincinnati Reds will drop from 77 to 26. The Philadelphia Phillies will ban TV at all its night games. And if, as it now appears, other teams take similar action, there won't be as much free baseball this year, either.

IV. Basketball and Boxing

The National Basketball Assn. (professional) has now banned TV from all cities except New York. College basketball, meanwhile, doesn't know what to do. Colleges whose teams play a good chunk of their schedules in Madison Square Garden in New York are suffering deep box-office cuts and aren't getting the differences made up by what they get from TV rights.

Some are considering switching games to their own gymnasiums, next year, making their own TV arrangements. The rub: It would cost about \$10,000 for each school to make TV arrangements for camera platforms, power lines, etc. (KFI-TV in Los Angeles has set up its own professional basketball league to take the place of games by colleges—who want too much money.)

• Tough on the Ring—Boxing is also hard hit by TV. The Joe Louis-Ezzard Charles heavyweight championship fight held last September was one of the biggest TV audience lures in sports history (BW—Oct.7'50,p85). But it was a turkey at the box office—it grossed only \$205,000 at the gate, took in \$133,000 from radio and video rights.

Some boxing authorities see two things that might be done to combat this kind of gate loss. First, stage the bout before a small crowd, numbering no more than 10,000 persons. Charge them all ringside prices (about \$50), boost the price for a TV sponsor on the ground that everyone else will be forced to watch it by television. The alternative is to televise the fights in all areas except where the event is being staged.

V. TV Has Helped, Too

Oddly enough, television has had exactly the opposite effect on some minor sports that it has had on the major

ones. It lifted wrestling right out of the slums of the sports world into the big time; both promoters and wrestlers are enjoying a bigger profit than ever before (BW-Oct.7'50,p25).

Another sport, the Roller Derby, was for 14 years a lead weight around the necks of its promoters. TV changed it into a 21-karat gold necklace (BW—Jun.4'49,p22). Still a third new sport is trying to cash in on the bonanza on the West Coast. This is called Moto-Polo—a combination of soccer, football, and polo played in 1,000-lb. autos.

VI. What Solution?

Three new methods of television, all still fairly experimental, may offer a permanent solution to sports that have really taken it on the chin. All three are a kind of controlled transmission. The first is Phonevision, which transmist the signal in coded or scrambled form (BW—Oct.28'50,p38). A decoder attached to the subscriber's set would be turned on over the telephone lines when he requested it. The customer would be billed on his regular telephone bill.

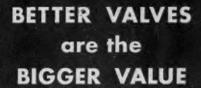
A second system, called Skiatron, works in a similar way, except that it does not use phone lines (BW–Oct.28 '50,p38). The decoder on the set would operate 10 hr. a week for a flat fee of \$2.

The third system is theater television,

which would limit telecasts only to movie theaters, to which patrons would pay admission as they do to movies. The NCAA plans to use this method to televise some football games next fall. · Is Freedom Better?-But a lot of sports promoters are still not sure that they shouldn't keep telecasts free. A defender of this theory is a young re-searcher named Jerry N. Jordan, who has made a thorough study of TV's effects on gate receipts (BW-May27 '50,p74). He claims that it is only in the first year, before the novelty wears off, that a set owner stays away from sports events. Also, he claims that factors like bad weather, poor team performance, and competition from other TV shows have a deeper effect on attendance than the actual televising of the sports event.

Jordan has a lot of supporters in this view. But the fact that he has as many opponents has clouded the issue no end. One of the most violent anti-TV people in sports is Walter Brown, manager of the Boston Garden. Summing up his view of the question last May, he said: "I've been accused of being against anything that doesn't mean a dollar for the Garden. But regardless of that, it is plain common sense that television doesn't help any show or sports event, and those who say it does

are plain nuts."



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DAY BEGINS for Homer Yaryan with call on furniture maker in his North Carolina territory. Nominally, Yaryan is glue salesman for Plaskon Division of Libbey-Owens-Ford.

Industrial Salesman Is

One kind of salesman who will have plenty of work in a time of shortages is the industrial salesman. Even in a ordinary times, he has to be a combination expediter, diplomat, handy man, and tutor. He must pitch in and help his customers over the rough spots of production. The tougher the customer's production problems get, the harder he has to hustle.

A company that's an old hand at the business of selling a production service —as well as a product—is the Plaskon Division of Libbey-Owens-Ford Glass Co. Plaskon's salesmen are service engineers. Booking the order is the last part of the job they do.

Take Homer Yaryan, who was followed by a cameraman on a two-day selling stint. He made the routine calls to see that Plaskon glue was working out in production, tried to make a sale or two. But besides that, he was called in for some informal advice on the finish of furniture and was flagged down for help in ironing out a production problem. Selling Plaskon glues—the usual salesman's chore—was the easy part of the day's work.

Plaskon prepares its staff of service engineers for such a varied work diet with a thorough one-year training program. Job applicants are carefully screened. They are hired on the basis



FOURTH CALL brings him to an old customer. Problem: the finish on a chest.



EMERGENCY call finds him in bed at hotel. He'll drive to plant next morning.



SECOND CALL is routine check. Yaryan takes a look at the glue spreader, finds glue he sold works on the production line.



THIRD CALL is straight sales job. Yaryan tries to interest prospective customer in Plaskon glue, aided with sales props.

Jack-of-All-Trades



PROBLEM at customer's plant: What makes table tops delaminate? In work clothes, Yaryan spends entire day checking each production process. He advises a different type of glue—and it works fine. (CONTINUED ON PAGE 56)

MAGIC

MARKET

IN THE NORTH

Here are some facts about Canada's market today.

Canada's population is almost 14,000,000—a ten-billion dollar market. Per capita expenditure on consumer goods and services is \$818—up \$475 in ten years! A new home is completed every six minutes... 19 out of 20 homes have a radio... 3 out of 5 families own automobiles.

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AT HOME Yaryan collapses into easy chair, muses on what he'll have to do next day.

of previous experience in the fields they will serve.

Service engineers start out in the Plaskon lab. Here they learn all about the products they will sell. Then they make the rounds with one of the company's technical service representatives —combination salesmen and researchers —on trouble calls. By that time, the service engineer is ready to start out in a territory. But he's still not on his own; for the first few months he gets help from a senior salesman.

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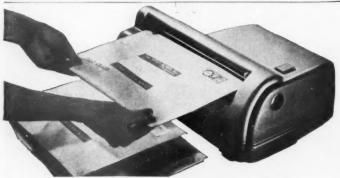
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Fair Trade Victory

New York court grants injunction restraining Macy's from selling GE appliances at less than fair trade prices.

General Electric has won the first round in its legal battle with R. H. Macy over fair trade. Last week the New York County Supreme Court granted an injuction restraining the big store from selling GE small appliances at less than the established retail minimum prices.

That was the bare bones of the decision. More interesting to marketing men, however, were the 16 pages of legal flesh that clothed the skeleton. For in reaching its decision, the court:

 Rapped GE over the knuckles for the "sporadic and lax nature of its early enforcement program" aimed at preventing price-cutting by retailers;

 Credited Macy's with having spurred GE into making a "widespread and determined attempt to wipe out price-cutting";

 Attached some strings to its decision by making the injunction "conditioned on the continuation by [GE] of its present vigorous enforcement activities.

· Warning-Out of all this comes an important warning for manufacturers who fair trade their products. The court is saying to them, in effect: It's your job to police fair trade and see that price-cutting is climinated. If you can't or won't do that, then don't look to the courts for help if you get into legal trouble.

The nub of the decision is contained

in this statement:

"The first requirement for enforcement is an obvious and basic one: that there be a fair trade price structure that has a real and not merely a 'paper' or 'illusory' existence. The second, which is closely related, is that there has been reasonable and diligent enforcement of existing fair trade prices."

• Policing Police—This is not a new doctrine. The court points out that doctrine. "where there is, in fact, no existing price structure to protect, the courts have refused to grant relief." But in this case, the court attempted to lav out as clearly as possible the five essential steps a manufacturer should take in policing fair trade.

(1) Keep informed as to price-cutting activities and other trends generally known to the trade;

(2) Keep close scrutiny over prior violators, take appropriate action when needed:

(3) Investigate and follow up complaints vigorously;

(4) Enforce fair trade prices by repeated legal action if necessary:

(5) Pursue a continuing and sustained

enforcement program.

· Macy's Started It-The legal tiff between the two giants started last March when Macy's "in an effort to stimulate GE's enforcement activities and to end its own competitive disadvantage in relation to discount houses" cut prices of two GE appliances (BW-Mar.18'50, p100). A conference between the two followed. Macy's restored the fair trade prices, then cut them again. GE took the matter to court and won a temporary injunction against Macy's (BW-Apr.5'50,p79). The court case opened in September.

· Defense-The court defense Macy's presented hinged mainly on its charge that GE had "waived and abandoned" the benefits of fair trade laws by failing to restrain "widespread" price-cutting

by other retailers.

Macy's also charged that GE discriminated in the enforcement of fair trade prices, that it did not enforce them equitably, and that its wholly owned subsidiary (GE Supply Corp.) had, in fact, sold appliances at below fai; trade prices.

· Court Didn't Agree-The court did not find the first two charges to be true, but it did criticize GE for "failure to





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keep closely informed as to the activi-

ties of its subsidiary."

The court asserts that, from March of last year on, GE waged a "very active and vigorous enforcement drive."

Among other things, it brought more than 150 legal actions against retailers who were price-cutting. And it canceled the distributorship franchise of GE Supply Corp. in the New York region. The court comments that this "is clearly . . . a widespread and determined attempt to wipe out price-cutting in this area."

The court found that price-cutting was not widespread, that a GE price structure was in existence, and that "while it was not a perfect price structure, the facts failed to show any general breakdown or collapse."

• Appeal—In a statement last week, Richard Weil, Macy's president, said that Macy's believes the court is wrong to assume that there has been wide-spread compliance with the law; that Macy's shoppers continue to find evidence of widespread price-cutting by discount houses on GE small appliances. Hence, Macy's is appealing the decision to a higher court, the Appellate Division of the State Supreme Court.

Credit Looks Safe

Consumer loan groups see easier collections with high employment, high wages. Commercial collections will be harder.

Despite higher taxes and rising prices, the U.S. consumer and businessman seem to be paying their bills promptly. Credit collections, though they have slowed up here and there, continue healthy. The question is, will they continue at their present clip?

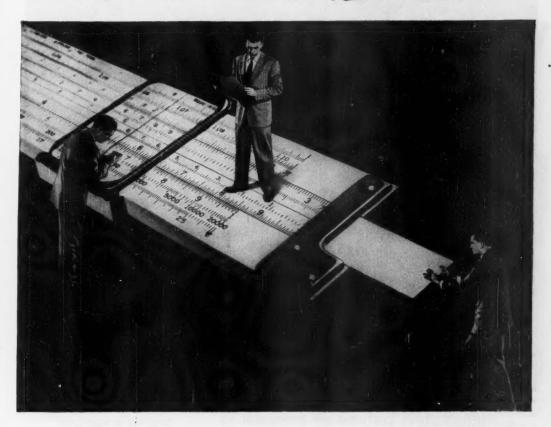
Two different answers—one for consumer credit and one for commercial credit—have been given thus far.

• Consumer Credit—As for consumer credit, the future looks bright, according to Associated Credit Bureaus of America. The organization said last week that "the outlook is favorable, for with the shift to mobilization, unemployment will be low, wages high. Thus there will be more money with which to pay bills."

Another factor that is helping to keep consumer credit within safe bounds is Regulation W. In issuing the latest figures on consumer instalment loans, Federal Reserve Board reports the first decrease in the total since early 1949. Loans outstanding on Nov. 30 were estimated at \$4,486-million—\$19-million less than the previous month.

There has been some slowing up re-

some problems demand special attention



Most day to day problems your business faces can be solved within your own organization.

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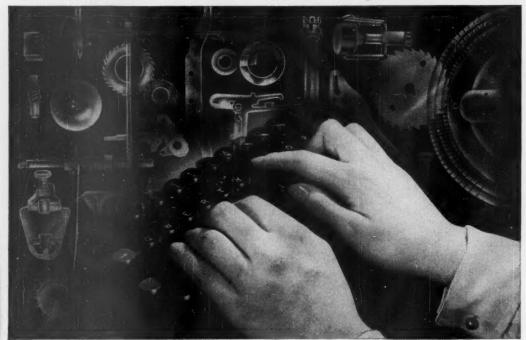
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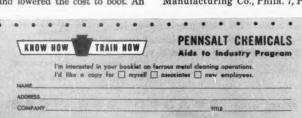
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PENNSALT CHEMICALS

PROGRESSIVE CHEMISTRY FOR OVER A CENTURY

cently in the rate at which consumers pay off their bills, but no one is alarmed by it. One measure is the ratio of collections to accounts receivable. At the end of November, department stores reported to FRB that 51% of charge accounts receivable at the beginning of the month had been paid. This was a drop from 54% the year before. For instalment accounts it was 17% as against 20% the year previous. But Federal Reserve economists attribute this in part to good business: When business is good, accounts receivable go way up-but collections never rise quite so quickly.

• Commercial Credit—According to Chicago Assn. of Credit Men, the commercial credit picture at the end of November as compared with August is

"splendid."

But credit men are not sure this trend will continue. A recent survey by the Credit Research Foundation shows that 50% of its members think collections will be more difficult this year than they have been. They cited such factors as rising prices and reduced volume of civilian business. They also think that higher taxes, the expense of carrying heavy inventories, and the large volume of funds tied up temporarily in the receivable accounts will drain working capital.

MARKETING BRIEFS

Discrimination in making advertising allowances is the basis of Federal Trade Commission's complaint against Gruen Watch Co. and Elgin National Watch Co. FTC says the two companies violated Robinson-Patman by failing to make advertising allowances available on proportionally equal terms to all their customers.

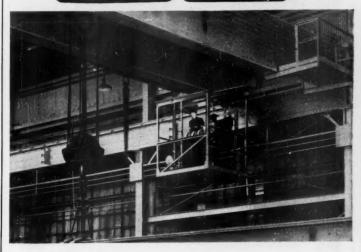
Price hike: Procter & Gamble upped the wholesale price of Crisco another 2¢. The price per pound has climbed 7½¢ since November. P&G says that's due to the rising cost of vegetable oils.

TV sets for rent: Admiral Corp. has signed an agreement with Hotel Radio of Detroit to supply TV sets for rental use in hotels.

Californians spent a record \$3.3-billion for consumer goods and services in the three months after Korea. Total taxable sales in the third quarter of 1950 were 26% higher than in the same quarter of 1949.

No shoe shortage in sight, says National Shoe Institute. It reports that inventorics stand at a record high, and production is running well above last year. New Magnetic Crane Control

eliminates costly down time!



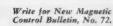
Requires No Contact Maintenance

With the new Whiting Magnetic Control, your crane can be on the job 24 hours a day—every day! There is no stopping production to file control contacts. This new system uses solenoid contactors with silver-alloy contacts that never require maintenance of any kind.

Whiting Magnetic Control has no bulky control drums. The master switches occupy very little space, and give the operator full vision in all directions. And, over-sized clapper contactors are replaced by modern, compact solenoid contactors rated to fit the motor.

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NO MATTER WHAT YOUR TYPE of rope-rigged equipment, Roebling Preformed "Blue Center" Steel Wire Rope brings extra handling ease...extra toughness and life on the job. "Blue Center" steel, made only by Roebling, gives wire rope top resistance to fatigue. And Roebling Preforming gives you a rope that spools better ...doesn't tend to set or kink...minimizes vibration and whipping.

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For rotary drilling lines in the oil fields, Roebling Preformed "Blue Center" Steel Wire Rope with independent wire rope core has proved most serviceable and economical.

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READERS REPORT

For Mr. Hoover

Sirs:

I am one of the thousands who resent your editorial in the Jan. 6 issue, clearly showing your eastern bias and failure to understand the Hoover-Taft position.

We cannot alone carry the whole world, financially and militarily. The quickest way to ruin is along the road you advocate—in my opinion and in the opinion of most of the businessmen I have talked to in my recent trips. Being sorry too late won't help.

H. P. Edgar

CHICAGO, ILL.

Sirc.

I have just finished reading your editorial "Shall We Give Europe to Stalin?" (BW—Jan.6'51,p120). It should have been entitled "Shall We Murder Men and Give Up Our Resources and Be Driven Into the Ocean Away From Home?"

If the people were given a vote today, they would follow Hoover and Taft's plan to the letter. We are sick of furnishing all of the money and all of the men and being condemned for doing the job.

The knowledge of foreign affairs is not held by Truman and his small gang of advisers. Many people have covered Europe and know that we will have to finance this fight, we will have to furnish the men, and we eventually will be whipped. If we are whipped, we would rather be at home.

F. M. STAPLETON

KIRKSVILLE, MO.

Sirs:

I am impelled to write you relative to The Trend in the Jan. 6 issue. Everyone is entitled to his own opinion, but I certainly cannot agree with your theory relative to this serious problem of whether we should go "all out" and take the entire responsibility for the defense of Europe.

I like Hoover's plan. It makes sense—good, hard common sense. If we are prepared at home, ready to take our own part, then the Europeans should have enough sense to see that they should do the same. Let them go in "the hole" for their own defenses and get some of those lazy peoples back to work for themselves and their own protection. Then if they are attacked, and if we feel that it is some of our affair and that we should help them out for their survival and our survival, we could jump in and do our share. Otherwise, no.

I get around the country quite a lot,

Housing Problems!









OACH ONE of the 28 desirable properties of Plaskon Molded Color has proved itself a benefit in the manufacture of certain products. Naturally, the amazing diversity of these properties makes it impossible for any one product, or any single line of products, to utilize all of them to advantage. But it's surprising how many products can utilize a majority of these proved benefits of Plaskon Molded Color! In the compression molding of housings, for example, here are 18 reasons why Plaskon Molded Color can help make them better:



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Smooth, non-porous easy-to-clean surface
Won't tarnish or corrode
High flexural strength
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Resistant to chipping, checking or shattering Dimensional tolerances highly accurate Non-conductor of electricity High heat resistance Low-heat transference Non-inflammable Resistant to dilute acids and alkalies Unaffected by oils, fats, greases, waxes Completely resistant to commercial solvents



Whatever your product, it may pay you to discover how many of the 28 desirable properties of Plaskon Molded Color—Urea or Melamine Formaldehyde—can help to make it better.

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floors in approximately one-third the time
required with a conventional 15 or 18-inch polisherscrubber using separate equipment for
picking up. A Finnell Scrubber-Vac speeds
cleaning by handling four operations in one!
It applies the cleanser, scrubs, rinses if required, and picks up (damp-dries the floor)
— all in a single operation.

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Planeers and Specialists in FLOOR MAINTENANCE EQUIPMENT AND SUPPLIES

BRANCHES IN ALL PRINCIPAL CITIES and I hear a lot of things about the rotten turn of events recently. I am telling you that some of the things I hear make one's blood boil. People are up in arms, and they have no sympathy with this new decision to go ahead and have a nice big war.

R. B. COCHRAN

NEWARK, OHIO

Sirs:

Re your editorial of Jan. 6, you say that "to be alone in a hostile world" would mean becoming a "seige state." What is a seige state? Is it something worse than an "interventionist state?"

Lyle T. Alverson elmhurst, long island, n. y.

... And Against

Sirs:

I would like to express the most hearty agreement with the editorial in the Jan. 6 issue, "Shall We Give Europe to Stalin?"

I cannot see how it would be possible to accept the suggestion of Mr. Hoover and believe that the chief must have made his statement in the hope of stimulating the activities of European governments.

Jos. S. THOMPSON

PRESIDENT,
PACIFIC ELECTRIC MFG. CORP.,
SAN FRANCISCO, CALIF.

Sirs

This is to compliment you on your excellent editorial in the Jan. 6 issue entitled "Shall We Give Europe to Stalin?". It is the best appraisal I have seen of the fateful alternatives open to us. I for one had been inclined to go along with Mr. Hoover's proposals. This editorial changed my mind.

HOWARD UPTON INDUSTRIAL RELATIONS DIRECTOR, WESTERN PETROLEUM REFINERS ASSN., TULSA, OKLA.

Sirs

One of my friends here, a well-known professor in a university department, has mimeographed your editorial, "Shall We Give Europe to Stalin?" and is circulating copies in the department. He thought this very good and approved it strongly. I heartily join him in this opinion.

M. Slade Kendrick DEPT. OF AGRICULTURE ECONOMICS, CORNELL UNIVERSITY, 1THACA, N. Y.

Sirs:

Editorial current issue most lucid, logical we've seen.

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tainlessware Begins with SHARON STAINLESS STEEL Fine workmanship plus highest quality materials have made this new STAINLESSWARE table service an over-Exciting patterns fashioned by craftsmen at Imperial Knife night sensation with Mrs. America. Exciting patterns tashioned by craftsmen at Imperial Knife Co. plus the everlasting beauty of Sharon Stainless Steels have served to make STAINLESSWARE the popular service More and more uses are being discovered for quality Stainless Steels everyday, because no other material gives a product so many advantages or makes it more salable. for everyday use in American homes. a product so many advantages, or makes it more salable. Check your product and think of Stainless - and when Check your product and think of Stainless—and when you do—think of Sharon—pioneer and prime producer of fine steels for more than half a century.

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at JARECKI MACHINE and TOOL COMPANY

Grand Rapids, Michigan

With press time at a premium and schedules pushing capacity to the limit, the advantages of Danly Press construction and engineering features are more important than ever. At Jarecki, the full-rated die capacity and extra slide rigidity of Danly Presses made possible production of the parts shown above in pairs—two at a stroke!

Danly Presses are built with machine tool precision, built to withstand the punishment of round-the-clock operation. Write today for the unusually complete Danly Straight Side Press Catalog. See how Danly Presses will help you meet production schedules.



pounts Die Toolino used throughout the Danly line is shown in this close-up view. Extra long, precision gibs contain the entire side at all times during the working stroke, providing the extra rigidity to make this "double production" set-up possible!



STRAIGHT LINE ARRANGEMENT of the Danly Press line makes material handling fast and easy ... and makes uninterrupted press operation a must. Danly features like complete pressure lubrication and "proved safe" controls assure minimum press down time.











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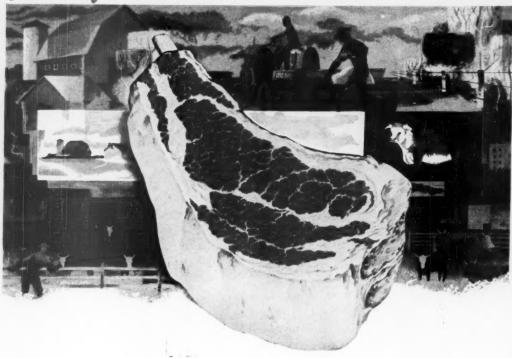
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Press, setting the pece for the line. Since installat
this press hits not required any unscheduled down
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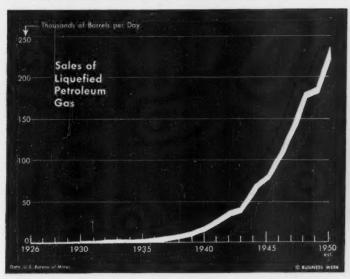




INTERNATIONAL MINERALS & CHEMICAL CORPORATION

General Offices: 20 North Wacker Drive, Chicago 6

PRODUCTION



More Autos Turn to Propane

Milwaukee taxi fleet is being converted to liquid petroleum gas. It's cheaper than gasoline, vaporizes better, burns more cleanly. Cold weather starting and storage are problems.

In Milwaukee this week, Boynton Cab Co. is starting conversion of its 279-cab fleet to propane fuel. Savings in fuel cost and reduced engine wear will pay off the estimated \$44,000 cost in two years, according to John P. Boynton, executive vice-president of the company.

• Growing Debate—What's happening in Milwaukee is another straw in the wind as far as liquefied petroleum gas is concerned. The long-standing argument over the pros and cons of propane is rapidly getting hotter; at the Society of Automotive Engineers' annual meeting a few weeks ago, an entire day was spent on the subject (BW—Jan.20'51, p.70)

• Growing Fast—The rise of propane as a fuel interests more than engine manufacturers and oil men alone. Industries that consume large quantities of liquid fuels—bus, truck, farm, stationary power, and the military—are keeping a watchful eye on it. This week the Chase National Bank of New York released a comprehensive report on the outlook for liquefied petroleum gas, written by John G. Winger. According to Winger, the demand for the liquid petroleum fuel eventually is expected to make up about 5% of the demand for all petroleum products.

SAE information points the same way. R. C. Alden and F. E. Selim of Phillips Petroleum Co. report that sales of conversion units for farm tractors topped 100,000 in 1950. By the end of 1951, there will be 170,000 units in operation. Alden and Selim also reported that a number of manufacturers are now producing or getting ready to produce engines suited to propane operation.

• What It Is—Liquid petroleum gas is also known as LPG, L-P tank gas, and bottle gas. It is made up of chemically active hydrocarbons that occur in the earth with natural gases and crude oil. When natural gas and casing-head gas are processed by refineries, LPG is recovered, kept in a liquid state by modcrate pressures. It contains propane, butane, and mixtures of the two.

Propane is lighter than butane and gasifies at normal atmospheric pressures encountered in the U.S. It furnishes 2,520 btu. per cu. ft. at 60F, at average atmospheric pressure. (Natural gas furnishes 1,000 btu. and manufactured gas 540 btu. under the same conditions.) Propane when liquefied is under a vapor pressure of about 92 psi. at 60F. Hence it requires heavy equipment for safety.

Butane has a heat value of 3,270

The 1/4" MallDrill that outdrills all Drills...



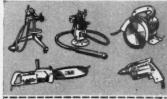
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Use the coupon to request a demonstration or the useful booklet, "'MORE HOLES IN A HURRY'. MallDrills in all capacities—electric, flexible shaft, high-cycle, and preumatic are available. For Mall makes the complete line of portable power tools.

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us for booklet, "Engineered Timbers", which

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quent freedom of movement which encourages efficient use of materials handling equipment. These trusses are available in all spans to 250 feet or more, and are available for curved, flat, pitched or variable roof contours. Hoists, And operating costs are kept gratifyingly low by the absence of obstructing posts and conse-Costs took a two-way beating with the con-struction of this warehouse. Construction costs were minimized by the Timber Structures trusses which form and support the roof. in commercial and industrial buildings



btu. per cu. ft. However, it won't vaporize at temperatures lower than freezing, so its use is limited to warmer areas. Its vapor pressure is low (12 psi.), and it can be used with lighter, less-expensive equipment. Mixtures of the two gases are generally used, the ratios depending on requirements.

• Many Fields—Uses for the gas, in

addition to fuel for engines, are:

· Domestic, such as cooking, refrigeration, heating, air conditioning, etc. These accounted for 48% of consumption in 1949.

· Chemical-as a raw material and a solvent; about 16% in 1949.

· Rubber processing, as a raw material, about 5%. This will increase in the present emergency manufacture of synthetic.

· Refinery operations, for the production of aviation gasoline, about 16%.

· Gas manufacturing.

· Industrial plant fuel.

• Internal combustion fuel for tractors, buses, trucks, and stationary engines. Use of L-P in internal-combustion engines was about 2% in 1949. That figure is bound to rise.

Advantages of LPG

Automotive engineers cite six advantages and several disadvantages of LPG in internal-combustion engines.

The advantages include: perfect vaporization; high octane rating; uniformity; clean-burning characteristics; freedom from impurities; and no need for additives like tetraethyl lead.

Disadvantages are low specific gravity (which means large storage space); low heat content per gallon; and the need for pressure storage. To these you have to add the fact that some degree of engine redesign will also be necessary for best use of LPG.

Improved mixing of air and fuel and better distribution to the several cylinders of a multicylinder engine may turn out to be the most important advantage for LPG as a motor fuel. · Vaporizing-LPG systems now under

study will capitalize on this advan-The fuel will be more comtage. pletely vaporized, more accurately proportioned with the air, more thoroughly mixed with the air, more accurately proportioned to the several cylinders. All this will make it burn more completely. None of these features can be obtained so easily with liquid fuels as

Another advantage of LPG is its uniformity. Among motor fuels, it is the nearest approach to chemical purity. In fact, if the motor fuel use of LPG is concentrated on propane and propanepropylene mixtures, 100% purity may be achieved. Except for refinements, propane will have the same physical and chemical characteristics wherever procured. Even when the butylenes are included, there is only a small range in physical and chemical properties.

Tests show that the intake and combustion deposits in the cylinders and on the valves, normally encountered in gasoline engines, are almost entirely eliminated with LPG. There is no liquid entering the cylinders to wash oil from the cylinder walls or to work past the piston rings to dilute the crankcase oil. There is much less contamination of the lubricating oil with combustion products. Valve and ring sticking and valve burning are mini-mized. The lubrication requirements are more clearly defined. Greater freedom from impurities and the absence of costly antiknock compounds are benefits from LPG engines.

II. There Are Difficulties

Physical and chemical characteristics of LPG aren't all on the plus side,

Difficulty has been reported in starting LPG engines during cold weather. With gasoline (unlike LPG), there is always some dilution of the crankcase oil with unburned fuel. This reduces oil viscosity and makes the engine easier to turn over in cold weather. LPG engines usually have a high compression ratio which also makes them harder to turn over. And when a cold gasoline engine is choked, some of the fuel finds its way into the engine cylinder and dilutes the oil on the cylinder walls. That means less power is needed to turn over the engine.

· Lighter Oil-To overcome this, a lighter grade of lubricating oil can be used in LPG engines during cold weather, the battery must be wellcharged, and the entire electrical system must be kept in good condition.

Another difficulty sometimes encountered in LP-Gas motor fuel use is nonvolatile contaminants. These materials can be eliminated if the fuel is properly processed, if a lubricant insoluble in LPG is used on pumps and valves, and if hoses and fittings are kept clean.

Evaporation losses and safety aspects boil down to the fact that the slightest leak in an LPG system means dollars and cents. Safety calls for good engineering and good housekeeping. It is probable that LPG is being handled with less loss than any other liquid fuel and with greater safety than any liquid fuel other than the heavy oils.

III. Supply and Price

Winger, in assessing the supply situation, states that, in a world war, government controls and shortages of materials such as steel might restrict LPG. On other hand, as other fuels

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For further information, write Dept. W-11, Gunnison Homes, Inc., New Albany, Ind.



"Gunnison," "Coronado" and "Champion" — T.M. Gunnison Homes, Inc.

are required in greater quantities by the military, LPG could help meet the civilian demand for petroleum. Demand for LPG for fuel and chem-

Demand for LPG for fuel and chemical purposes has increased 177% in the past five years. It may go up another 82% in the next five years—from the current rate of 231,000 bbl. daily to 420,000 bbl.

As for price, current quotations range from 7¢ a gal. to 8¢ at New York Harbor. One supplier advanced the price from 7.5¢ to 8¢ on Dec. 5, 1950.
• Liquefying—Much of the LPG produced from natural gas has been that liquefied as an incidental result of processing natural gasoline. It is customary to separate natural gasoline from certain natural gases by liquefication. Under corresponding conditions of liquid content, pressure, volume, and temperature, it is more costly to liquefy propane and butane than to liquefy natural gasoline. However, offsetting this fundamental disadvantage is this significant fact: The liquid content of propane and excess butane is usually twice as great as that of natural gasoline.

Petroleum experts say that for the long term LPG can be economically manufactured and marketed at about the same price levels as natural gasoline, or at several cents per gallon under refined gasoline. However, should LPG production costs go up, the whole picture might change.

Atomic College

Want some of your key men to learn more about nuclear engineering? The Atomic Energy Commission has set up an "atomic college" for just that purpose at Oak Ridge. Applications for enrollment for the 1951-52 session are being accepted for courses in the School of Reactor Technology beginning Sept. 10, 1951.

The purpose of the school is to train engineers in the field of reactor theory and technology. When trainees return to their home organizations, they'll be able to help put their companies in a better position to work with atomic developments. Most of the problems studied involve the fundamental engineering and management skills common in industry, AEC says.

• Entrance—Getting into the school isn't easy. Firms or agencies employing the prospective students must make application for them. Companies must pay trainees' salaries while they attend. And because most of the material taught is classified, candidates must stand a security investigation.

Information and application forms can be had from the Director, Oak Ridge School of Reactor Technology, Post Office Box P, Oak Ridge, Tenn. Last day for filing: Apr. 1, 1951.

PRESIDENT: Higher taxes require cost cutting. But how?

CONTROLLER: We'd better look into the economy and efficiency of the Royal Electric!



Royal Electric Typewriters are bringing new economy and increased production to America's business offices. Heavy-duty routine work is delivered with remarkable speed and economy. And for specialized jobs, the Royal Electric can supply as many as 20 carbon copies.

It is as much at home in your own executive department as in the typing pool. Management's letters sparkle with a crisp clarity that does credit to them . . . and to the firm.

For whatever purpose it is used, the operator invariably gains in morale, because fatigue and tension are banished.

Here's important news! On the Royal Electric the controls are in the same position as on Royal Standard Typewriters. Operators are on familiar ground. The problem of a time-consuming "change-over" has been eliminated by the Royal Electric.

Exclusive "Touch Control" allows the operator to adjust the touch to give her the "feel" she prefers. And "Magic" Margin permits instant automatic margin setting. These are exclusive Royal Electric features!

May we show you the cost-cutting performance and superior work of the Royal Electric? Have your secretary clip the coupon.



Made by the World's Largest Manufacturer of Typewriters

"Touch Control" and "Magic" are registered trade-marks of Royal Typewriter Company, Inc.



CENID	1941	COUPON	NICOLA



Royal Typewriter Company, Inc., Dept. 14 2 Park Avenue, New York 16, N. Y.

I would like a copy of the brochure, "Picture of Progress," describing the Royal Electric.

NAME

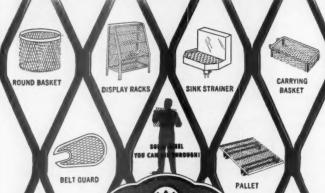
COMPANY.

ADDRESS

NOT WOVEN...NOT WELDED...BUT

It's your material of a thousand and one uses—Wheeling Expanded Metal, a solid plate of sturdy steel that's been pierced and stretched. Strong, light, readily passing both light and air, it is literally "solid steel you can see through!" Shown here are but a few of thousands of articles fabricated for greater strength-plus-lightness from this wonder material. For full engineering data, write us today!





PICNIC GRILLE Wheeling

VHEELING CORRUGATING COMPA

WHEELING, WEST VIRGINIA

Atlanta Louisvilla Buston Minneapolis Buffale New Orleans Chicago New York Columbus Philadelphia Detroit Richmond Kansas City St. Louis

PRODUCTION BRIEFS

A vinyl plastic, called Geon 404, makes excellent wire insulation, according to the developer, B. F. Goodrich Chemical Co. Goodrich also uses it to make sheets, rods, and tubing into corrosion-resistant tanks, fume hoods, ducts, and maps.

Mine detectors that locate mines buried in any kind of soil and operate underwater will be produced by General Electric under a \$2-million Army Signal Corps contract.

A chalkboard of porcelain-enameled steel has been developed jointly by Bettinger Enamel Corp. and U. S. Plywood Corp. It can be made in any color, doesn't glare from reflected light, and is cheaper than slate. One use: replacement for dispatch boards in railway stations.

Wheeling Steel Corp. will have 63 new coke ovens working at its East Steubenville Works late this year. Costing \$8.75-million, they'll up Wheeling's coke output from 120,000 tons to 145,000 tons per month. Koppers Co. (Pittsburgh) is the builder.

Plant expansions: American Cyanamid's Calco Chemical Division has an option on 1,600 acres near Savannah, Ga., which it will presumably use for a new plant. . . Moore Special Tool Co., Inc., of Bridgeport, Conn., is spending \$250,000 to increase machine-tool production facilities by 25%. . . Bell & Howell Co. of Rochester, N. Y., has opened its \$1.5-million plant. It will produce film for microfilming records and documents.

Soil-pipe sizes will be standardized soon, according to plans made by the Cast Iron Soil Pipe Institute and the National Assn. of Master Plumbers. Advantages: cheaper sewer costs for the public, simplified repairing.

Faulty castings are due to faulty sand mixes, American Foundry & Machine Co. (Salt Lake City) has decided. AF&M's answer is a sand laboratory, complete with sand-analyzing instruments and two metallurgists who tutor the shop force in preparing mixes.

No shortage of carbazole, basic raw material for the hydrone series of dyes, predicts Reily Tar & Chemical Corp. (Indianapolis). The company has a process for making synthetic carbazole in commercial quantities, so industry won't have to rely on usual coal-tar method for supply.



A Report of Progress by Lucian C. Sprague

President of the Minneapolis & St. Louis Railway

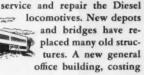
This is a Report of Progress which I am proud to present on behalf of the Minneapolis & St. Louis Railway.

The Year 1950 has been the best in its 79 years' history. The volume of freight traffic was the greatest ever handled by the M. & St. L. Operation of the Road has reached an all-time peak of efficiency. All departments are better staffed, organized and equipped than ever before.



Modern Diesel locomotives have replaced all steam en-

gines on the M. & St. L., contributing greatly to efficient and economical operation. Most of the Railway's fleet of some 5,000 freight cars are new in the past five years. Nearly all main line track has been rebuilt with heavier rail, new ties and rock or gravel ballast. Two new and scientifically designed shops



more than \$1,000,000, is nearing completion in Minneapolis.

On this program of constant improvement, the M. & St. L. has spent more than \$60,000,000, all from earnings, since the present management assumed charge in 1935. The M. & St. L. Railway continues as one of the few Class I roads without mortgages, bonds or funded debt.

Friendly Shippers, Loyal Employes

This progress, to the best physical and financial condition in M. & St. L. history, has been made possible by two factors: the support and patronage of a constantly growing number of Freight Shippers, who include some 500 new industries on the Railway; and the fine co-operation of its Officers and Employes. I am proud of our friendly shippers and of the 3,000 loyal employes of the M. & St. L. family.

To all of them, I offer sincere and grateful thanks on behalf of the Directors and Management; and a pledge of unceasing effort to make the M.& St. L. an ever-better Rail-

way, as a Carrier of Freight and as a Place to Work.

The MINNEAPOLIS

General Offices:



& ST. LOUIS Railway

Minneapolis, Minnesota



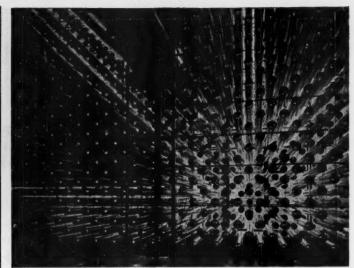
• Yes sir, we're now welding titanium! The picture above shows a 180° bend at the resistance weld between two 1" square bars of titanium metal. We believe this is another first for American Welding.

Included among the metals that are now being successfully welded are cast iron, carbon and stainless steels, copper, aluminum, Inconel, Monel, Timken alloy, N-155 and NAX.

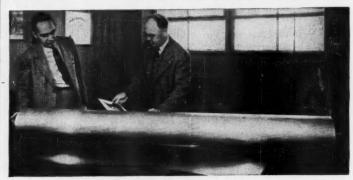
Whenever you have any need for rings, bands or special shapes combined into all manner of weldments or welded products, one of our representatives will gladly call on you, or send us your prints and quantity for prompt quotation.

If it is not possible for you to visit our plant, we will send you our illustrated booklet which will acquaint you with our company, our facilities and many of the American-Welded products we furnish hundreds of manufacturers.





BATTERY of 3,600 cylinders muffle engine roar in test cell at Curtiss-Wright Corp.'s Caldwell (N. J.) plant. They hang on wires from the ceiling.



ALUMINUM -covered cylinder, 7½ ft. long and 9 in. in diameter, provides 17 sq. ft. of sound-absorbent area. Fiberglas wool inside deadens the sound.

Cylinders Swallow Sound



SECTION through cylinder shows Fiberglas aluminum tube.

Aluminum tubes stuffed with Fiberglas deaden noise in aircraft engine test cells. Principle may be used in other industries.

Aircraft engine test cells are also laboratories for the study of soundproofing. They present problems in noise absorption that have never occurred before. Their solutions may have wide use—at least in principle—in factories, offices, or wherever noise is a problem.

• Cylinder Baffles—Janke & Co. of Hackensack, N. J., manufacturer of aircraft testing equipment, has developed the latest method of smothering the howls of an engine under test. The

company makes long cylinders in which Fiberglas insulating wool is enclosed in perforated aluminum. It suspends a battery of them in staggered rows at the intake and exhaust ends of test cells.

The cylinder design makes the maximum use of a sound-absorbing material. The whole cylinder area of 17 sq. ft. is exposed for sound absorption. This is a big advantage over firebrick-the conventional absorbent material-which, when built into a cell wall, presents only half its surface to the sound.

Janke's absorbers, called Py-Dee, are 7½ ft. long, 9 in. in diameter. They weigh 20 lb. apiece. Janke wraps Fiberglas wool over a hollow cylinder of hardware cloth, faces the wool with Fiberglas mat, and covers the whole with

perforated aluminum.

The company has already delivered about 20,000 absorbers to aircraft companies. It looks for other markets in industry: diesel engine and gasolineengine testing rooms and similar applications.

Rubber "Die" Method Cuts Tooling Costs

Consolidated Vultee Aircraft Corp.'s Fort Worth (Tex.) plant has a way of making sheet-metal parts that cuts tooling costs by 50% to 75%. Convair has taken the technique of pressforming metal with a punch working against a rubber pad-a technique that was used extensively during World War II-and developed it a step further to include drawing, as well as forming. Convair calls its technique Hidraw. Convair uses it to make parts for the B-36 bomber.

Hidraw saves time, as well as tooling costs. It used to take 19 min. and eight separate operations on a drop hammer to make aluminum bracket supports for tubing in a B-36. With Hidraw, Convair has cut the job down to one operation that takes only 15 sec.

• The Works-From the outside, Hidraw looks like any conventional hydraulic press with upper and lower pressing surfaces. But in place of a metal female die on the upper surface, Hidraw uses a layer of tough rubber set in a That's the big money-saver. The rubber pad costs only a third as much as a metal female die-and one pad will do the work of many different dies

The punch or male die on the lower pressing surface is shaped in the form of the finished part. Around its base is a pressure pad that rests on pins that thrust up from the hydraulic cylinders.

Sheet metal placed in the press is forced by the punch up against the rubber pad at the top of the recess. As the pressure increases, the rubber pad



 Currently rolling off the production lines of one of the country's largest aircraft plants are the U.S. Air Force's standard medium bombers which maintain the superiority of America's air

Selected for the job of turning out parts for these vital aircraft is a giant 7000ton H-P-M Press pictured here. This is but one of a great many presses supplied

by H-P-M to the aircraft industry (thirty-six are 2000 tons or larger)-especially designed to meet the production requirements of this particular metal working field.

In every industrial field of endeavor, H-P-M "know-how" is at work, reducing costs, and improving quality. Find out today how this "know-how" can work for you-simply write us on your company letterhead, outlining your production problems.



- - · Plastic Molding Presses



THE HYDRAULIC PRESS MFG. CO.

1080 MARION RD. - MOUNT GILEAD, OHIO, U.S.A.









ALUMINUM PARTS of different sizes are drawn simultaneously on one press.



RUBBER PAD replaces female die on upper surface of Convair's hydraulic press.

squeezes the metal tight around the top and sides of the punch, stretching it evenly and drawing it into the shape of the punch. At the same time, the pressure pad around the base of the punch holds the flange of the part being formed and, at a preset pressure, releases the pressure entirely. Convair operates Hidraw under pressures as great as 10,000 psi.

• Advantages—Because of the flexible rubber pad, Convair can draw parts that are very small and have sharp corners. The company says that on the corners, where the metal stretches most, the metal thins only 2% to 6% of its original gauge.

inal gauge.

Convair is ready to license its Hidraw technique to other companies. Convair claims that Hidraw is particularly well-suited to use in industries where there are short runs of parts and frequent design changes.

MORE Sting FOR THE "SCORPION" ...

Far deadlier than its namesake, this Northrop-built F-89 Scorpion is one of the newer weapons of the U. S. Air Force. An all-weather interceptor, it features spectacular speed and phenomenal rate of climb.

Behind the Scorpion's lightning-fast striking power is another development involving one of the most versatile of metals—stainless steel. Notice the jumbo-size tail pipes. Made of hear-resistant stainless steel, they house afterburner units which furnish the Scorpion's added sting. Operating at blistering high temperatures, these units provide additional thrust for brief intervals to the F-89's tremendously powerful twin jet engines.

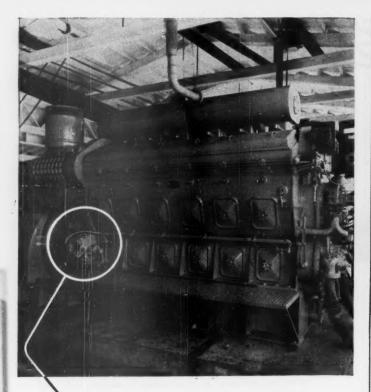
Here, and in many other present-day aircraft applications, high temperatures, rust, corrosion, deadweight and extreme cold find their match in modern stainless steels. And Republic-world's leader in the production of alloy and stainless steels - offers you the immediate services of its extensive metallurgical, machining and technical staffs on any problem involving stainless steels. Naturally, there is no cost or obligation.

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Republic REPUBLIC STEEL ENDURO STAINLESS STEEL

Other Republic Products include Carbon and Alloy Steels - Pipe, Sheets, Strip, Plates, Bars, Wire, Pig Iron, Bolts and Nuts, Tubing



≥ 1125 horsepower buckle down when this GARDNER-DENVER midget says, "Giddap!"

The tiny air motor you see in the circle above starts this giant diesel engine surely and safely. It's a Gardner-Denver Air Motor — packed with smooth power that tugs relentlessly against high starting loads — responds promptly to feather-touch control.

Diesel engine starting is just one of many jobs at which this 5-cylinder air motor excels. You'll find it widely used wherever the safety, convenience and flexibility of compressed air power can be put to work.

You'll find, too, that Gardner-Denver rock drills, pumps, compressors and other pneumatic equipment are first choice wherever speed and dependability are the watchwords. Gardner-Denver Company, Quincy, Illinois.

SINCE 1859

GARDNER-DENVER

THE QUALITY LEADER IN COMPRESSORS, PUMPS AND ROCK DRILLS

NEW PRODUCTS



Machine Digs Up Data

Remington Rand's card-filing system, called Conve-filer, helps you get the card you want quickly. Conve-filer consists of a desk-cabinet combination, with two power-driven chains inside to which card-filing trays are attached. The chains will bring any desired card to the operator.

To get a card, you roll aside a sliding panels in the cabinet cover and press the foot-pedals controlling a small electric motor. The motor, driving the chains, moves the filing trays to right or left. The chains carry the trays down the side of the cabinet, under the platform, and up the other side—like a square ferris wheel. You can bring a tray from the farthest point in less than 18 sec.

The steel cabinet measures approximately 7 ft. x 2½ ft. x 3 ft. RemRand has various models for eards of different sizes. With 24-in. x 3-in. cards, the unit holds nearly 200,000.

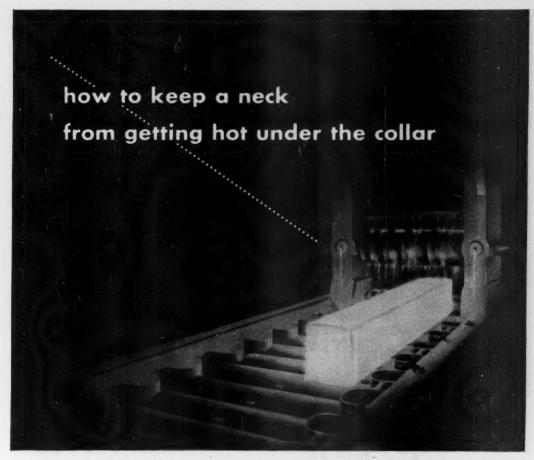
• Source: Remington Rand, Inc., 315 Fourth Ave., New York 10.

• Price: About \$2,000.

Refraction Plus

A molded refracting material for processing jobs at ultra-high temperatures is available from Norton Co. The company claims its fused and stabilized Zirconia withstands temperatures up to 4,600F—far beyond the limit of conventional refractories.

Zirconia is made from zircon, a natural mineral. Norton has a process that reduces the high silica content in



This roll neck bearing provided 320% longer service life and rolled a record 1,290,000 tens of steel

In a blooming mill, the rolls of huge presses knead white hot steel in bloom or ingot form and roll it into bar stock.

When these massive rolls put the squeeze on the bloom, tremendous pressure also squeezes the bearings that cushion the ends, or necks of the rolls. Ordinary bearings heat up and go to pieces in such service. In fact, bearings at one major steel company lasted from a minimum of only 4 weeks to a maximum of five months. Tonnage rolled ranged from 74,800 to 400,000 tons.

Our National Bearing Division re-

formulated and redesigned a bearing that stood up under this rigorous service for 11 months and 8 days, rolling 850,000 tons! The second bearing served 16 months and 4 days and rolled 1,290,000 tons at a cost of only \$.0003 per ton! The initial cost of this new bearing is about one-fourth less than that of previous bearings.

Results like this stem from over 40 years of metallurgical research, design, and engineering experience. This practical know-how is at your service regardless of the type and kind of bearing problem you may have. Write Dept. A.



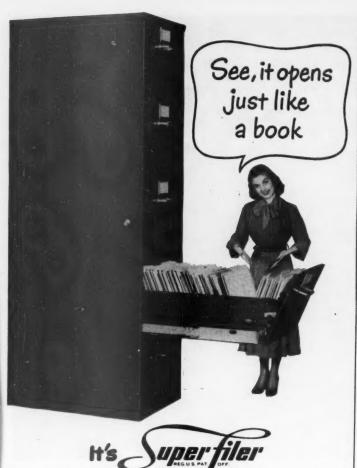


230 PARK AVE. NEW YORK 17, N. Y.

10 Divisions of American Brake Shoe Co. produce wear-resisting parts in 54 American and Canadian plants.

AMERICAN BRAKEBLOK DIVISION · AMERICAN FORGE DIVISION · AMERICAN MANGAMESE STEEL DIVISION
BRAKESHOE AND CASTINGS DIVISION · ELECTRO-ALLOYS DIVISION · ENGINEERED CASTINGS DIVISION
KELLOGG DIVISION · NATIONAL BEARING DIVISION · RAMAPO AJAX DIVISION · SOUTHERN WHEEL DIVISION

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The Mechanized Filing Equipment

Based on payload, or usable filing capacity, Super-Filer costs 10 to 15% less than conventional first grade files. In addition it saves time, effort and money every day it is in use.

This five-drawer Super-Filer is today's most modern, most mechanized filing cabinet. It frequently pays for itself in a short period of time and since it lasts indefinitely it will go on reducing your filing costs for many years to come. The GF Super-Filer has been time tested, fully proved and progressively improved. What it has done for others it can do for you.

Our nearest branch or dealer will be glad to survey your filing requirements

or put a Super-Filer on trial for 10 days without cost or obligation.

Let us send you a free booklet illustrating and describing completely the features of this outstanding Mechanized Filing Equipment. Write The General Fireproofing Company, Dept. 60, Youngstown 1, Ohio.

GENERAL FIREPROOFING



Foremost in Metal Business Furniture

@ GF Co. 1966



zircon to 0.5% or less. Zirconia's properties include low heat conductivity, good resistance to thermal shock, poor electrical conductivity at low temperatures, and excellent electrical conductivity at high temperatures, as well as resistance to attack by titanites and molten metals.

Zirconia is now available in a variety of molded shapes. For example, Norton recommends it for use in furnacelining bricks for gas synthesis at high temperatures, heating elements for electric furnaces, containers and conveyors for molten steel, and thermal insulation.

• Source: Norton Co., 1 New Bond St., Worcester 6, Mass.

• Price: About 50¢ per lb. in grain form; \$9.43 for 16-lb. molded brick.

Shatterproof Mirror

Flexmir, Inc.'s nonglass mirrors are made from a composition material that won't shatter and tends not to break.

Flexmir processes Rohm & Haas' Plexiglas, du Pont's Lucite, and Pittsburgh Plate Glass Co.'s plastic, CR-39, into a 3-ft. x 4-ft. sheet, then fabricates it to customer specifications. Because it's nonbrittle, you can mold and cut the material into circles, squares, and arcs. It doesn't cloud up in frost, won't distort at 160F or -40F, and resists marring, Flexmir says. And it's much lighter than glass.

The mirror material in sheet form is from about 1/20 in. to ½ in. thick, but can be made up to 1 in. thick. It's available in a variety of colors, including silver, gold, and pastels. Flexmir recommends it for items that take rough treatment, such as furniture, surgical equipment, and bathroom fixtures. Price is 25% to 30% higher than glass mir-

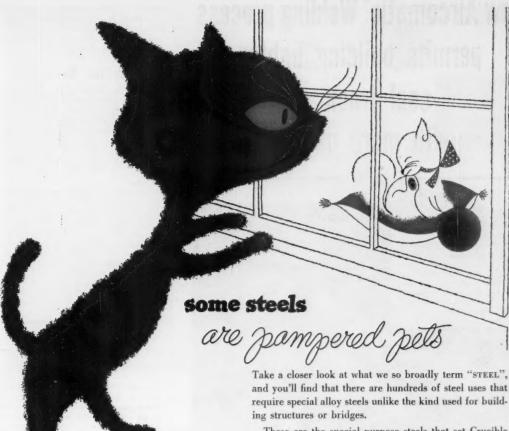
• Source: Flexmir, Inc., 20-28 Broome St., Newark 3, N. J.

Speedy Hose Coupler

Quick-Seal hose coupling for gas, water, grease, and oil lines, developed by Robb Mfg. Co., can be fastened or opened in a matter of seconds.

To connect, you slide back the coupling collar, insert the hose, and release the collar. The spring-loaded, ballbearing coupling snaps quickly into place. A V-cut rubber packing inside the coupling expands as pressure builds up in the line, resulting in a continuously tightening seal. The Quick-Seal coupling has a swivel action that prevents kinking, tends to lengthen hose life.

Robb says its couplings handle all materials, hot or cold, at any pressure up to the bursting point of the metal parts. The couplings have seen limited service in the rolling-mill field; now Robb is placing them on the general



These are the special purpose steels that set Crucible apart from most other steel companies. For these special steels must be so carefully compounded, and so sensitively handled that, in most cases, they cannot be mass produced.

Such steels include those designed for use under severe conditions of heat or cold, stress, strain, or wear. For example: Crucible high-speed tool steels are in the whirring machines that cut and shape the toughest metals; Crucible hollow drill steels work around-the-clock digging mines and quarries, and Crucible stainless steels put a sparkle with a purpose in our kitchens.

If you have an application that calls for a special steel, Crucible's metallurgical staff stands ready to help you. CRUCIBLE STEEL COMPANY OF AMERICA, Chrysler Building, New York 17, N. Y.

CRUCIBLE

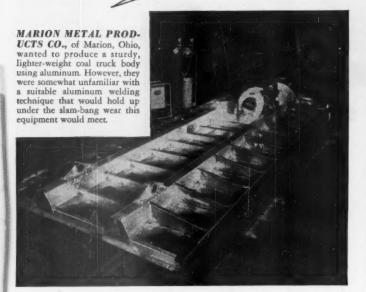
first name in special purpose steels

51 years of Fine steelmaking



Midland Works, Midland, Pa. Park Works, Pittsburgh, Pa. · Spring Works, Pittsburgh, Pa. National Drawn Works, East Liverpool, Ohio • Sanderson-Halcomb Works, Syracuse, N.Y. • Trent Tube Company, East Troy, Wisconsin

New Aircomatic® Welding process permits building lighter coal truck... with more payload



Charles Bruno, Reynolds Metal Company's welding specialist, and Dana V. Wilcox, Airco technical sales service specialist were consulted and recommended to the customer the use of the new Aircomatic Process—an inert, gasshielded arc welding method. Fabricated with the Aircomatic Process, the truck was found to be very rigid, even under full load... and the total weight of the aluminum body was 2345 lbs. as against the former body weight of 4800 lbs. This tremendous decrease in body

If you are interested in a fast and more economical effort of fabricating your products from aluminum, aluminum or silicon bronze, stainless and nickel clad steels, it will pay you to investigate the advantages of Aircomatic welding. For technical service or a copy of the Aircomatic welding bulletin ADC-661A, please write to your nearest Airco office.



AIR REDUCTION

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Offices in Principal Cities

market. They're available in a variety of metals, in any size from ‡ in. up. Inclusion of shut-off valves is optional. • Source: Robb Mfg. Co., 1309 Washington Blvd., Pittsburgh 6, Pa.

Midget-Size Rectifiers

Sclenium rectifiers, which convert a.c. to d.c., are standard equipment in industry, particularly in radio and TV circuits and plating processes. However, Hardy Instrument Co. has compact rectifiers considerably smaller than conventional types. In insulated and hermetically scaled assemblies, Hardy's rectifiers have an outside diameter of less than 3/32 in.

The units, called Microstak rectifiers, can deliver 300 microamp, of current indefinitely and handle up to 25,000 v. According to Hardy, they can be used in low-current applications, such as meters, where selenium rectifiers were not previously suitable. Price of the miniature models is competitive with standard-size rectifiers.

• Source: Hardy Instrument Co., 104-18 Metropolitan Ave., Forest Hills, N. Y.

NEW PRODUCTS BRIEFS

A heat-resistant belting conveys hot materials, such as castings, at temperatures up to 600F. Imperial Belting Co., 1750 S. Kilbourn Ave., Chicago 23, makes it out of heavy silver duck combined with asbestos and special insulating materials. It's called Super-Insulated Sahara.

Identity photos are taken and developed in less than 60 sec. by the I. D. camera. It's a joint development of Fairchild Camera & Instrument Corp., 88-06 Van Wyck Blyd., Jamaica, N. Y., and Polaroid Corp., Cambridge, Mass.

A puncture-proof butyl tube made by Firestone Tire & Rubber Co., Akron. Ohio, is said to hold air longer than natural rubber tubes. It is lighter and cheaper than similar puncture-proof tubes on the market.

A hot-cold test stand for checking air-craft parts produces temperatures from -70F to 230F. The test basin can handle parts measuring up to 6 in. x 6 in. x 8 in. Electro Mechanical Devices, 19255 W. Davison, Detroit 23, is the manufacturer.

A vacuum-cleaner hose that stretches from 6 ft. to 14½ ft. is a product of Pullman Sales Corp., 581 Boylston St., Boston. The company says it fits all standard vacuum cleaners.



FLOORS?... Flexachrome walls?... Mura-Tex RESULT?... Everybody Happy!

Every building has "dressed-up" areas that call for something special in planning and design. Consider the particular fitness of Flexachrome* floors and Mura-Tex* walls in locations of this kind.

The first thing about these plastic-asbestos materials to catch your eye is their brilliant color range. 33 sparkling hues to vitalize interiors. Rich, bright, true colors that bring striking beauty to floors and walls.

And they're matched colors. Flexachrome and Mura-Tex are made in companion colors... decorator-designed to blend or contrast perfectly.

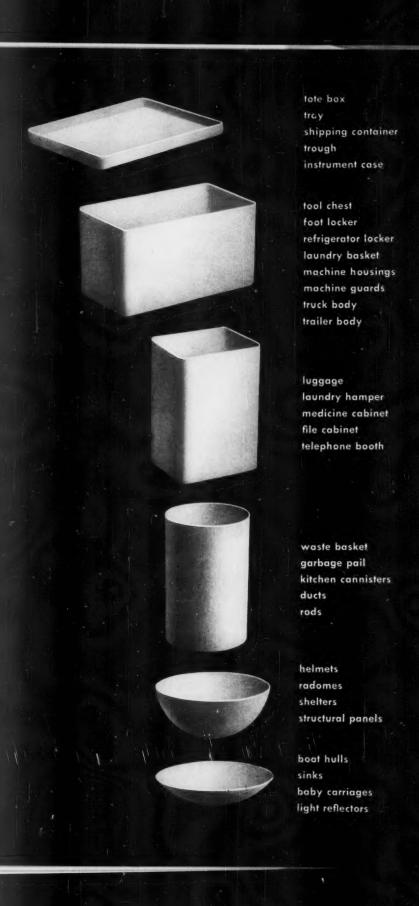
This color balance is only one virtue of these modern floor and wall coverings. Another is the tileat-a-time installation that allows almost endless pattern variety. Still a third is the custom-cut inserts

that enable you to use personalized designs in your floors and walls. And, because they're truly grease-proof, Flexachrome and Mura-Tex are ideal for any area where grease-abuse is a problem.

In addition, maintenance is simple and economical; durability is exceptional. You can select Flexachrome and Mura-Tex for floors and walls with the comfortable knowledge that your cost per square foot per year will be astonishingly low.

For complete specifications and name of your nearest Tile-Tex Contractor, write: THE TILE-TEX DI-VISION, The Flintkote Company, Dept. SA, 1234 McKinley St., Chicago Heights, Ill.

PREGISTERED TRADEMARK, THE FLINTKOTE COMPANY





Laminac lets it be shaped with ease . . .

with or without pressure, with or without heat . . . which means you can produce giant-sized parts at a fraction of the toolage costs required to form metals (spinning, deep-drawing, etc.) . . . and all in one piece!

with various reinforcing fillers . . . such as glass fibers, paper, jute and organic fibers, to produce parts having a range of properties, and a range of surface effects.

and Laminac gives it these sales-making properties . . .

light yet strong. Lighter than aluminum, yet weight for weight, stronger than steel. For example, the housing for a portable air compressor now molded in LAMINAC weighs only 50% as much as its metal predecessor. Another case: Engineers designing a 9-foot-diameter photometer estimated that it would weigh 3500 lbs. if cast in iron. Molded in LAMINAC, it weighed just 700 lbs.

impact strength. So high that LAMINAC has been used to make bullet-proof vests!

all kinds of resistance. Weather . . . salt water . . . exhaust fumes . . . engine heats . . . household detergents . . . rot . . . rust . . . sunlight.

color, cleanliness. Color is molded in, goes through from surface to surface Can't chip, crack, peel. No refinishing needed. Whether the surface of the finished product be dult or glossy, it's easily washed clean.

Are you designing a new product? Redesigning an old one? Want to tell us about it? LAMINAC may well help you make it lighter, stronger, more appealing sales-wise... and, particularly if it's a large part, or one now requiring complicated assembly, perhaps much more inexpensively. Or, if you would like to know more about this extraordinary new raw material, write for your free copy of "The Story of LAMINAC Resins". Today!



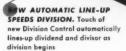
AMERICAN Cyanamid COMPANY

PLASTICS DEPARTMENT
30D ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

In Canada: NORTH AMERICAN CYANAMID LIMITED Royal Bank Building, Toronto, Ontario, Canada



The MARCHANT MAN to the rescue with the only calculator with PUSH-BUTTON multiplication . . . available on both the FIGUREMASTER and the low-cost FIGUREMATIC. Since more than half of all calculator work is multiplication, the young lady is happy indeed to get a MARCHANT . . . the calculator that multiplies easiest and fastest because it saves one step in every multiplication problem. The MARCHANT MAN in your phone book will prove this on your own work. Call him today.



SH-BUTTON MULTIPLICATION
Touch of a key in this row enters
multiplier digit POSITIVELY...carriage shifts AUTOMATICALLY...
answer appears SIMULTANEOUSLY



Mail this Coupon with your business letterhead to get our free GUIDE TO MODERN FIGURING METHODS

ILLUSTRATED BOOKLET ABOUT MARCHANT CALCULATORS

MARCHANT CALCULATING MACHINE COMPANY

DAKLAND B, CALIFORNIA

MARCHANT

BUSINESSMEN



Sidney Brings Them In

Recruiter-in-chief for Mobilizer Wilson, Weinberg has the job of manning the defense setup and laying down the lines of authority. By training and instinct, he's a natural for the position.

Scratch a businessman in a topdrawer Washington job these days, and you'll most likely find a friend of Sidney I. Weinberg.

He's the small (5 ft. 4 in.) neatly dressed Wall Street banker who once was a feather carrier for a New York millinery house. Now he is helping Charles E. Wilson run the Office of Defense Mobilization. He is on leave of absence as senior partner of Goldman, Sachs & Co. investment banking firm whose specialty is financing manufacturers.

• His Job-Like Gen. Lucius Clay, Weinberg is special assistant to the No. 2 man in the U.S. government. As Weinberg sees it, Clay's job is production, Weinberg's human beings.

That means everything from recruiting business people (for his own agency or any other that wants assistance) to handling delegations of chambers of commerce, or laying out the lines of authority in a defense agency. He'll do any other jobs Wilson has for him. That should be no small order since Wilson swears by him.

To Weinberg, Washington is old hat. He has been in and out of the capital since 1933 as sort of self-appointed ambassador between financiers and poli-



Just like mother used to make?—Well, really, few mothers of yore could consistently make pie crust as good as almost any little housewife can today, using pie crust mix from a package (oh, yes...we make the latter).



Tee for twe—and it's true that few packaging materials can resist odor "pass-through" so well as Glassine. That's why this good paper is so often used to guard the delicate aroma of tea against foreign odors that lurk everywhere.



This little pig will go to market. And then a number of his most succulent "subdivisions" will be packaged in Rhinelander G&G*—exactly right for protecting his fat and porky goodness.

*Glassine and Greaseproof—the functional papers that do so many tough jobs well.





but the maker never knew it

Once upon a time there was a manufacturer of a certain electronic equipment who insisted upon using highest quality for most of its components.

But for the resistors (all resistors are pretty much alike, he thought) he shaved the price a bit and wound up with an inferior brand.

When the resistors blew, the customers "blew", too. Only a cheap outfit, they reasoned, could use such cheap resistors.

Funny thing-the maker never got to know the score, his customers just went elsewhere for that equipment, and though he berated his salesmen and blamed his engineers, he never did find out the guilty party.



We Helped Win the Battle of Santiago

On July 3, 1898, the amazing fire power of the U. S. Cruiser "Brooklyn" proved that electricity could out-perform steam as motive power for turret training, ammunition hoists, etc. The system of control for this new power had been developed by Ward Leonard.

53 years later, Ward Leonard is still demonstrating that quality controls-resistors, relays, rheostats, starters - are worth the money.

ARD LEONARD

ELECTRIC CO. MOUNT VERNON, NEW YORK



ticians. In World War II, he ended up with just about the same job he has now. He was tagged "chief body-snatcher." Comments Weinberg: "Some newspaperman's bright idea.

· A Lot of People-If you ask Weinberg why he's sitting next to Wilson

"I know a lot of business people." That's an understatement. He probably knows as many in the top management field as anybody in the country. The number of his directorships at one time set a record-31 at the peak. To-day he has dropped all but 12. They are: Cluett, Peabody; Continental Can; General Cigar; General Electric; General Foods; B. F. Goodrich; Lambert Co.; Madison Square Garden Corp.; McKesson & Robbins; National Dairy Products; Sears, Roebuck; Van Raalte. He gets his board posts chiefly because Goldman, Sachs does the firms' financ-

. Directing Director-But it's one thing to know people, another to get them to listen to you. And if you're recruiting talent, you have to know them well. For this, Weinberg is a natural. First, he has never been a figure-head director. His philosophy, expounded in articles and memos, is that a director should direct. He does. Philip Musica, the ex-convict who milked McKesson & Robbins (of which Weinberg was a director at the time), was able to fool Weinberg-but Musica was an artist.

Because he works with them, Weinberg knows how good many business people really are. He can save Wilson

a lot of headaches.

• Gets Along-Weinberg's personality gets him a long way. In the business world, he has a name for being a hard worker, keen-minded, and frank. He pulls no punches, but he has been able to make a lot of people like it and

A life-long Democrat, he was a friend of Franklin D. Roosevelt, one of the few of Roosevelt's early business supporters who never broke with him. Yet FDR could never make him follow the New Deal line. Weinberg's own label for himself is "a practical liberal instead of an impractical idealist." In 1932, he raised more money for Roosevelt than any other man in Wall Street. But he told the President exactly what he thought. He openly opposed the New Deal's undistributed profits tax, often declared there was too much government in business.

He handles business people the same way. Because he advocated reform, conservatives fought him when he was elected a stock exchange governor in 1938. Earlier, when he was governor of the Investment Bankers Assn., he didn't let that fact stop him from accusing some of his competitors of actually depressing the market by over-



PHONE'S BUSY when Weinberg is on the wire. As liaison man, he's at it often.

pricing issues-which promptly sank several points. Many thought he should have spoken in private. Later, the people he had criticized elected him a vice-president of IBA.

· Goal's the Thing-One reason he's able to be blunt is his objectivity. Those who should know say he never stepped on anybody to get ahead. If he believes something has to be said, he says it-even if it hurts. But there's no personal rancor in him. In fact, a friend commented: "Most everybody is considerate when they're supposed to be. Sidney goes out of his way, startles you with his extra kindness.

· Pranks-Those who don't know Weinberg sometimes misunderstand his sense of humor-like the professor who reportedly balked at working with him because he buys up Phi Beta Kappa keys at pawn shops, sends them to other "self-made" men. Actually, he has no phobia against college degrees. He holds one (honorary) from Trinity College and is on the visiting committee at Harvard, where his two sons attended graduate school.

There's a lot of deliberateness in his humor; he doesn't like stuffiness, often hands out his conservative banking advice wrapped up in a wisecrack.

• Hurry, Hurry-Talking, Weinberg rather ruefully admits, is one of his strong points; he once wrote his wife, "I guess I talk too much." He speaks fast, smiles and swears as he talks. There's just a hint of a Brooklyn accent (it comes out dthese, not dese). Answers to questions come out in a hurry, but if he can't answer he tells you why.

And there's no letup. He's driving all the time. In a typical 20-minute period last week, he answered a dozen searching questions, with time out for five phone calls, made a date with Wilson to see a top bureaucrat five minutes later. He makes sure every-



It is with great pleasure that Hilton Hotels announces the acquisition of the Hotel Jefferson, largest in St. Louis. Long a landmark of significance in the heart of the city, this distinguished hotel has been newly enlarged, modernized and air-conditioned. Under Hilton operation, the Jefferson's rich traditions and rare individuality will be zealously preserved, while its fine service and friendly hospitality will be greatly enhanced.

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In El Paso and Lubbock, Texas
THE HILTON HOTEL

In Albuquerque, New Mexico THE HILTON HOTEL

In San Juan, Puerto Rico THE CARIBE HILTON





Productimeters register accurate count of every unit processed . . . eliminate profit-eating losses . . . insure economical plant operation and maximum use of man hours.

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body knows he's too busy to help his friends-and can't anyway. He says: "Hell, Bob, we're policy making, not operating. Go to the Munitions Board or the Air Force. But come around some time."

· Critics-Not everybody loves Sidney. He's had his share of enemies and snipers. In the last war, Walter Winchell and Drew Pearson took a lot of shots at him, accused him of helping his own business associates through his \$1-a-year businessman's club. Harry S. Truman, then head of the Senate war investigating committee, said Weinberg's office gave the big World War II contracts to big industry.

Asked about that the other day, he snapped: "There never was a scandal,

despite all the talk."

• Training-Weinberg's art as a business recruiter partly stems from his own business experience, getting jobs for men in companies that he helps direct. It was Weinberg who snapped up Gen. Clay for the chairmanship of Continental Can.

This ability brought him to Washington right after Korea. Truman and Secretary of Commerce Sawyer needed somebody to find men for top defense jobs. Weinberg helped get William Harrison and then Charles E. Wilson. He spent a week with Wilson setting down the terms on which Wilson would take the No. 2 job in Washing-

Weinberg himself thinks hard work got him where he is. His favorite remark: "I'm just a Brooklyn boy from

Public School No. 13.

· Feathers and Flag Poles-Weinberg grew up in Brooklyn; he was the son of an immigrant liquor dealer who dabbled in Wall Street. Weinberg's first job after he got out of school was carrying feathers to hat makers. Then he moved to Wall Street to stand in line during a bank run, sold his posi-tion for \$5. Weinberg never left the Street.

He told Goldman, Sachs he wanted a job so he could "get on." He didbut it took 20 years, from office boy to partner (in 1927). No job fazed him-whether it was carrying a flag pole up to 30 Pine Street, office of Goldman, Sachs, or shadowing John D. Rockefeller's men to find out who was buying up some stock Goldman, Sachs was interested in. Night school and lots of experience helped him become an expert in security evaluation. By the time he made the grade, the word around Goldman, Sachs was: "Let Sidney do

• The Boss-He became head of Goldman, Sachs in 1930 when Waddil-Catchings resigned. That happened after the Goldman, Sachs investment trusts collapsed in a cacophony of law suits, investigations, and wry jokes by



PERFECT MATCH: Towering (6 ft. 2 in.) Wilson teams with Weinberg (5 ft. 4 in.).

Eddie Cantor (who lost plenty in the crash). Weinberg had been working closely with Catchings on the investment trusts, as top security analyst, but he had not lost the confidence of the financial community.

Weinberg got into the last defense race through his friendship with FDR, his previous liaison activities (he is a charter member of the Commerce Dept.'s Business Advisory Council set up by Daniel C. Roper in 1933), and because Donald Nelson knew him and wanted him. Nelson was executive vice-president of Sears, Roebuck; Weinberg was a director.

Later, Wilson and Weinberg became fast friends. They had been neighbors in Scarsdale, N. Y., but it wasn't till they were working together on the War Production Board that they got to know each other well. After the war, Wilson recommended Weinberg as a director

of General Electric.

• They're Coming-His job as No. 1 recruiter of business people is getting easier than it was last summer. Weinberg says, "We've got plenty of volunteers now."

Partly, that's because Truman finally agreed to accept \$1-a-year men again. This time they're called WOC's-without compensation, drawing pay from their companies.

Another reason, according to Weinberg, is Wilson himself. When he was named, Weinberg says, he immediately attracted a flock of applications.

· Pact-And since the three top defense men are cronies, the rifts that occurred during the defense buildup in 1940 and 1941 should be lacking this time. The trio has made a pact to eat only at obscure places and not to attend any parties until April. "After that," Weinberg said, "we'll probably extend it to June.

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Talk to Engineering NOW!

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Secure Correspondence from file NOW!

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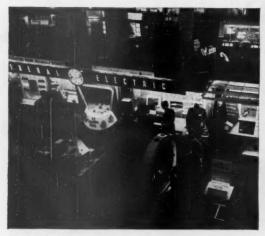


FLECTRIC

RACINE . WISCONSIN

"Where Quality is a Responsibility and Fair Dealing an Obligation"

MAINTENANCE



SOBERSIDED MACHINES, plus buttons for the customers to push, featured GE exhibit at Maintenance Show.



CARNIVAL TECHNIQUE, with a mechanical sideshow, gadgets, and girls, was used by GE's arch rival, Westinghouse.



GE'S COME-ONS included a contest. If you could dismantle and reassemble this magnetic starter in 90 sec., you won a cigar. Pretty girls showed how to go about it.



THIS SPOOK-or is she a rabbit?-drew customers to Westinghouse's wonders.

GE and Westinghouse Joust at Show

They use contrasting methods of luring customers to their exhibits at Plant Maintenance Conference in Cleveland.

Ten thousand plant officials had a learned three-day go at their pressing problems last week, at the second Plant Maintenance Conference in Cleveland. The public had fun, too.

Brightest feature for the layman was the contest between General Electric and Westinghouse, whose rival exhibits got top billing. Only in size did the exhibits resemble each other. • GE took the solid, scientific approach, with rows on rows of elaborate machines. But the popular appeal was there: The customer could push buttons, slews of them. And when he pushed, things happened.

 Westinghouse was more on the carnival side. Its main act was a sideshow designed like a tunnel of horrors.
 In the tunnel, the customer could make 15 stops. At each, by pulling suitable levers, he could see Westinghouse's ideas of proper maintenance, complete with horror pictures showing just how not to do it.

• No Precedent—At the conference a year ago, there was no GE-Westinghouse battle of giants. GE contented itself with a very little show, mostly as a test to find out what kind of people would turn up. Westinghouse had a good-size exhibit.

This year, both companies really cranked up and let go. Here's how

Announcing

2 recent additions to our line of versatile metals

CARBOLOY

PERMANENT MAGNETS

(Alnico and other types)

HEAVY METAL

(Hevimet type—Non-Cutting—Heavier than cemented carbidel

Made by the manufacturers of Carboloy cemented carbides

WE ANNOUNCE the recent addition of two metals—Carboloy Permanent Magnets and Carboloy Hevimet—to the family of Carboloy versatile metals.

This announcement is particularly timely because both metals have played an important part in peacetime production and will have a significant role in national defense.

The manufacture, by Carboloy Company, of these revolutionary metals is a significant step in our continuing program to supply industry with the finest in man-made metals. The same engineering and metallurgical skill, the same unsurpassed manufacturing facilities and the same rigid quality controls that have made Carboloy Company, Inc., the world's largest manufacturer of cemented carbides are being applied to the manufacture of these metals.

Carboloy Permanent Magnets—Alnico and other types—offer the greatest external energy of any permanent magnet known to us today. They are used in motors, meters, generators, radar instruments, radio, television and hundreds of other industrial and consumer applications requiring uniform high quality permanent magnets.

Carboloy Heavy Metal (Hevimet type—noncutting) is even heavier than cemented carbide. It provides maximum weight in minimum size for balance weights on crankshafts, gyroscopes, variable-pitch propellers, centrifugal clutches, and other moving parts where space is limited. This versatile metal is also used for static and dynamic balancing of aircraft control surfaces and as a high-density material that gives greater compactness for gamma ray screens used in radiotherapy and other similar applications.

Possibly one or both of these metals could help you improve essential goods you are now making or contemplate making. Your inquiries and orders for these metals or for Carboloy cemented carbides will receive immediate attention. Write, wire or phone...

CARBOLOY COMPANY, INC.

11183 E. 8 Mile Blvd.

Detroit 32, Michigan

The name "Carboloy" denotes manufacture by Carboloy Company, Inc.

C. I. T. Corporation of New York told Elliott that

no other machine could do it

A few other Elliott models



C. I. T.'s installment coupon requirements run into millions annually. This machine takes a blank roll of paper, large enough to make 32,000 individual coupons, and in one continuous operation prints, perforates, numbers and cuts off the exact number of finished coupons required for a given book and delivers them ready to staple into a cover. Data that is different in each book is printed by Elliott address cards stenciled on ordinary typewriters.





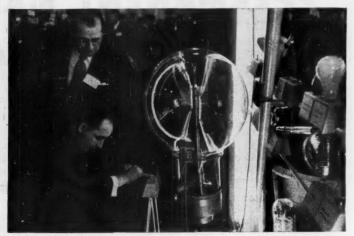
Have you an "impossible" addressing problem?

Ellioth ADDRESSING MACHINE CO.

151-A Albany Street, Cambridge 39, Mass-



WESTINGHOUSE SIDESHOW, full of fancy lights, would show you right and wrong methods of plant maintenance—if you pulled the right lever. This one's wrong.



GE HAD LIGHTS, TOO. Here are a tiny grain-of-wheat bulb, suitable for looking down your throat, and the world's largest bulb.

they did their planning, and what resulted from it:

General Electric had drawn two conclusions from its first-year experience: Potential customers would be either maintenance men or high brass in quest of knowledge; regardless of who they were, they would want actual machines to handle and operate.

Going on from there, H. D. Beale, in charge of planning the exhibit, called on all GE divisions to figure out what they wanted to show. Everybody wanted to show everything. Beale finally whittled the exhibits down to what would fit into the limited space available. At that point, R. D. Anderson took over; he's GE's exhibit superintendent. Anderson brought the whole show to a high polish at the Schenectady plant, then moved it to

Cleveland. Cost to this point was \$10,000.

Anderson hired two or three pretty girls to help out. But the key personnel were 18 regular GE employees, each demonstrating the products of his own division.

• Bread-and-Butter Line—Most of the items shown were GE's bread-and-butter equipment for plant maintenance—either preventive or repair. Eye-catchers were the gadgets that visitors could work themselves. A favorite was a vapor-analyzer used to detect halogen compounds. Turned loose for a bit of sleuthing on the visitors' cigarette smoke, it made a big hit. For serious customers, the sniffer had a limited appeal; GE said it would be happy if it drew a dozen firm inquiries. But the attractive gadget was placed next to



How "three of a kind" saved a railroad

POR years America's 300 short-line railroads have been mighty hard hit by skyrocketing costs and growing competition. The Frankfort & Cincinnati Railroad is typical—and, like so many other roads of late, has come up with the answer... 100% diesel power! In the words of George L. Fowler, President, "If it hadn't been for the money saved by our diesel locomotives, our road just couldn't operate."

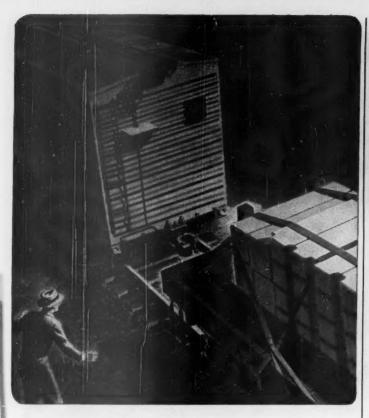
Now, on this short-line road, three Cooper-Bessemerpowered G. E. 70-ton locomotives have taken over the job, replacing seven steamers. Result? Maintenance cost has dropped from one-half to one-fifth of a cent per ton mile, and the fuel bill has been cut in two! The overall saving . . . a 68% reduction in operating costs . . . literally saved the railroad.

It takes extra good diesels to show results like this, month after month, year in, year out. Make no mistake about that. And it's the kind of performance built into Cooper-Bessemer diesels by engineers who are constantly working out and successfully applying new ideas to lower the cost of engine power.

If you are directly concerned with the cost of locomotive, marine or stationary power, be sure to find out about the *new* things being done by one of America's oldest engine builders.



New York • Chicage • Washington • San Francisco • Les Angeles • Houston • Dallas • Odessa • Seattle • Tulsa • St. Leuis • Glaucestay New Orleans • Shreveport



CRASH AHEAD!... ON AMERICA'S SHORTEST RAILROAD

Imagine a railroad crew that purposely sets up a crash between two loaded freight cars! That's what's happening in the scene above, and it goes on all the time—for this is Signode's famed outdoor test track.

The big idea behind this activity is to find out ... under operating conditions ... exactly what happens to your shipments in transit; what causes product damage; and what to do about it.

Research is the heart of Signode

as evidenced by this type of full-scale laboratory equipment. To more than 30,000 shippers, Signode's leadership in the development of better ways to make steel strapping... and to use it... has meant millions of dollars saved.

If you are engaged in defense or essential civilian production, it will be to your advantage to get the whole story. For now, if ever, the best use of men and materials, the quickest, surest way of distributing goods, is the first order of the day.

SIGNODE STEEL STRAPPING COMPANY 2610 N. WESTERN AVENUE CHICAGO 47, ILLINOIS

this seal



means security in shipping

Offices coast to coast; In Canada: Canadian Steel Strapping Co., Ltd., Foreign subsidiaries and distributors world wide



WHICH CAN LEAKS? This GE gadget unerringly put the finger on the culprit.

more mundane items, which could shine in its reflected glory. GE also showed some items pretty

GE also showed some items pretty well out of the realm of interest of maintenance men. The idea was that someday someone would need that kind of machine, and someone would remember that GE had just the thing.

• Carnival for Westinghouse—Westinghouse used a totally different approach, right from the start. The start was to call in the Cleveland advertising agency of Fuller, Smith & Ross. The ad men suggested correct maintenance for a theme, plus trick luminescent paint and black lights. H. R. Meyer, Westinghouse manager of maintenance sales, gradually worked this into the peepshow called The Great Maintenance Mysterv.

At the entrance, girls were stationed in costume, more or less. As each visitor entered, a girl stamped the back of his hand with an ink that showed up only under black light. Once he had entered the tunnel, his hand lit up like a lighthouse. And thus equipped, he was able to study the right and wrong of plant maintenance.

• Show-Stopper—The Great Maintenance Mystery stopped the show in its aisle—a .consolation to Westinghouse, since it cost \$15,000 to build. At the entrance and exit of the tunnel were placed an assortment of conventional maintenance gadgets. When the visitor had looked at everything, was ready to depart, a slightly skirted young lady gave him a book of phone numbers—the numbers being Westinghouse service depots.

Besides the girls, Westinghouse had 22 men on hand, representing the seven divisions that were represented in the show. Their job was to discuss serious maintenance problems, in case any one wanted to.

• Lectures, Too-For the serious visitor, there was a lot more to the confer-



Only LUCK can wing a duck with a slingshot...

In Dust Recovery, too make sure your equipment can do the job!

Industrial Dust Recovery has fast become an extremely important dollars-and-cents consideration in thousands of plants across the country.

In the past decade, especially, management has recouped vast dollar losses resulting from unchecked dust dissipation.

An ably designed efficient Dust Recovery System can prove a sound investment in your plant, too. It will boost plant morale and yield! Improve your process and/or product! Add substantially to profits! And—it will satisfy even the stiffest civic dust abatement demands!

Among the leaders in this comparatively new science of dust recovery, is Buell—an organization whose efforts from the very first have been solely and energetically devoted to swift, positive solution of dust collection problems.

Buell's knowledge of dust—its properties, its problems, its collection—is world known. It is the result of years of progressive engineering and research development.

A Buell Dust Recovery System—either the van Tongeren Cyclone, the "SF" Electric Precipitator, or a combination of both—is held highly among industrial engineers for its sustained peak efficiency. You are sure, therefore, from the start that a Buell Dust Recovery System will do your job.





 Write for literature that fully illustrates and describes Buell Dust Recovery Equipment.
 Buell Engineering Company, Suite 5005, 70
 Pine Street, New York 5, N. Y.

Engineered Efficiency in Dust Recovery



We know... because we check with homeowners, housewives and businessmen... in big cities and small towns throughout the nation. The results... 9 out of 10 tell us "Yes, I use the 'yellow pages' of the telephone directory to find where to buy the things I need."

This 'yellow pages' buying habit has been growing for over sixty years. And with it has been growing the use of Trade Mark Service by America's leading firms—manufacturers of consumer and industrial branded products.

Trade Mark Service, the dealer identification plan, associates your trade-mark or brand name with a list of your dealers in the 'yellow pages'. It channels the buying urge your advertising creates...directs prospects right to your authorized dealers.

To find out more about Trade Mark Service and how it will localize your national advertising, just—

CALL YOUR LOCAL TELEPHONE BUSINESS OFFICE OR SEE THE LATEST ISSUE OF STANDARD RATE AND DATA





PARTING GUESTS got list of phone numbers (Westinghouse's) from this damsel.

ence than the GE-Westinghouse tourney. In fact, maintenance men spent most of their time listening to lectures on problems that have come into sharp focus since Korea.

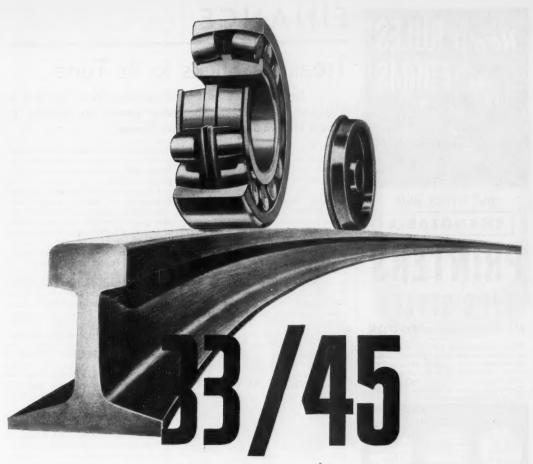
In time of war-or mobilization-machines have to last longer, yet they are worked harder. That means breakdowns, delays, higher production costs.

Most of the conference lectures found the same answer: a long-range program of preventive maintenance, plus orders for parts and materials placed well in advance. Training programs for personnel were also stressed.

• Close to Brass—M. A. Travis, plant engineer of the Nash Motor Body Division, urged that the man in charge of maintenance be close to top management. Travis called on makers of industrial equipment to turn out products that would require a minimum of maintenance. And he chided many buyers for paying too much attention to initial cost of equipment, and not enough to its durability.

There was general agreement that maintenance should be further mechanized because of rising costs of labor. Moreover, the higher depreciation rates allowed by the tax laws in new defense plant installations will enable buyers to write off the cost of new maintenance equipment in a relatively short period—so why not buy it now?

• 170 Showmen—All in all, there were 170 exhibits. Among the other stoppers on display was a dipless paint brush which is fed by pressure. Not having to dip is said to save the painter a third of his working time. Other items: a dehumidifier, now used by the Navy, which removes moisture by adsorption; an electric car to dart around plants and yards.



YES, 33 OUT OF 45

MAJOR* CLASS I RAILROADS

USE SKF JOURNAL BOXES

This reliance on **SKF** by an industry whose standards for reliability are so high is typical of **SKF**'s acceptance by *all* industry.



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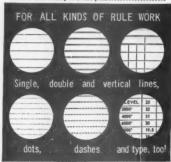
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Now you can prepare your own original forms for reproductionby any printing or duplicating method you choose. Lines are ruled by merely pushing a button and text is supplied by "typing" with the professional looking type designs...instantly changeable...in all styles...from 6 pt. to 12 pt. The fine hair-line ruling can be done right on a mimeo stencil, too...or even directly on a litho-plate.....



SAVINGS are tremendous and no sacrifice of quality is involved-even though the work is done in your office by office belp. This machine will pay for itself and give you a greater supply of printing than you have ever enjoyed before. Get the full facts today.

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	lame
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	Sty State

FINANCE

Treasury Sticks to Its Tune

Snyder's stand on E-bond maturities shows he plans to finance mobilization within the present interest-rate structure. He slaps at Reserve Board anti-inflation theories.

The Treasury expects to finance mobilization on its own terms. It expects to force its formula on the governmentbond market and the Federal Reserve Board. And the Treasury is still convinced it can solve its substantial Ebond problems without sweetening the

over-all vield.

In a speech in New York last week, Secretary Snyder unwrapped his plan to extend maturities of Series E savings bonds another 10 years. Snyder talked tough. He offered certain concessions to persuade people to help check inflation by hanging on to their bonds. But he announced that the Treasury would not boost its interest rate on long-term government bonds, including E-bonds. Finally, he took a roundhouse punch at the Federal Reserve Board. with which the Treasury has been wrangling for some time on short-term interest rates.

• First Billion-The Treasury had to work out some kind of plan to extend E-bond maturities. The first batch of maturing E-bonds, about \$1.1-billion worth, comes due this year, starting in May. About \$21-billion will come due during the next five years. Around

\$34-billion are outstanding.

If Congress O.K.'s his plan, Snyder will give holders of maturing E-bonds the right to extend maturity another 10 years. They will continue to have the option of paying income taxes on the interest either currently or at matu-But Snyder won't change the present yield at maturity: 2.9% compound interest.

· Compounded-Here's how Snyder's plan will work: Suppose you bought an E-bond for \$75 in May, 1941. Its maturity value this year is \$100. If you decide to hang on to your bond after it matures, you won't collect your interest now. You will get 2.9% compound interest on \$100 when the bond matures at the end of the second 10-year period, about \$33. That's the same as a straight annual interest rate of 3.3%

However, you have to hold on to your bond for the full 10 years to get the 2.9% compound interest rate. If you cash it in before 7½ years have passed, you will get only 2.5% on your \$100. That's the coupon rate of the Treasury's long-term bonds. This is a

better deal than you got on the original bond if you cashed it before maturity. Between 7½ years and maturity, the rate jumps sharply.

You can also elect to exchange your E-bond for a Series G savings bond, which bears annual 21% interest payable every six months. Like the E-bond, it is not marketable and can be cashed

in anytime.

· Dissenters-A lot of financial people think that Snyder has misjudged the temper of the bond market and of individual investors in his zeal to keep down charges on the public debt. There had been suggestions that the Treasury should offer a 3% rate on extended E-bonds, even if they were cashed in before the end of the second 10 years. Cash redemptions of E-bonds have been exceeding new sales lately. That's a sign that Snyder's program to extend maturities may be a flop. People are afraid that the purchasing power of their dollars may decline if they hold them in bonds.

There have also been suggestions in recent weeks that the Treasury put out a 30-year or 35-year bond bearing a 2.75% or 3% coupon that would attract institutional buyers. That wouldn't necessarily be inconsistent with the present "yield curve" on government bonds. The longest-term 2½% bonds now outstanding are callable in 17 years. They now sell in the market at a yield of 2.43%. A bond with a much longer maturity should presumably command a higher yield.

· Nonbank Sources-The Treasury is eager to raise as much as possible of its new refundings and borrowings from nonbank investors, since selling bonds to banks is inflationary. The advocates of the proposed issue (notably Thomas I. Parkinson, president of the Equitable Life Society) point out that a long-term bond with a coupon rate over 2.5% would probably be very acceptable to insurance companies and other nonbank institutions.

But Snyder made it very plain that the Treasury will not propose any such issue. He said the decision to stick with present interest rates had been made after a joint conference with President Truman and Chairman McCabe of the Federal Reserve Board," but that the

decision itself belonged to the Treasury. • "Illusion"-Apparently considering that he had White House backing, Snyder took a crack at FRB's theory of credit control. Said he: "The illusion that fractional changes in interest rates can be effective in fighting inflation must be dispelled from our minds." That also implies that Snyder won't be a bit happy if FRB should try to boost rates on short-term government securities again (BW-Jan.13'51,p88).

The Snyder announcement gave the government-bond market a temporary boost. It no longer seemed worth-while to prospective buyers to hold off in hopes that a higher-yielding bond might be offered later on. There was a lot of interest in bond issues that will become eligible for sale to banks next year. As the banks' share of new government issues will be limited to the minimum, traders felt that banks would be willing to pay more next year for eligible issues.

Plenty of Insurance

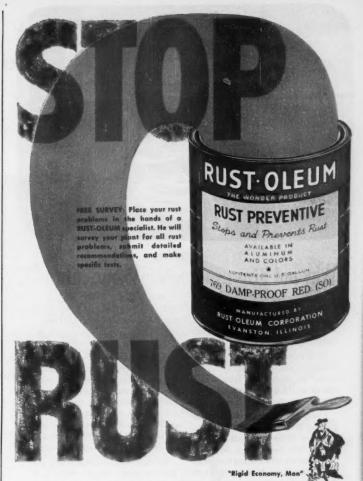
Property insurance companies are in good shape to handle the rising flood of business that inflation may bring.

With property values and costs going up, you may need more fire and casualty insurance this year. If you do, you'll have no trouble getting it in 1951. After that, it may not be so easy. But right now, the insurance business is just passing a balance point between postwar inflation and a new inflationary period. It's well enough stocked up with surpluses to meet the costs of new business for some time to come.

Right after the war, the fire and casualty companies got more business than they could handle. A property-insurance company is limited in the amount of new business it can take on. Writing new premiums costs a lot of money, and the expense has to come out of the company's capital funds. Because of the public's apathy toward most new stock issues, few companies were able to increase their capital by stock sales. So buyers often found it hard to get additional insurance.

· Catching Up-The insurance shortage didn't last long. The increase in business volume tapered off in 1948 and 1949, and the insurance companies began to catch up with themselves. In 1949, stock fire and casualty companies had a record year of profits. Losses and expenses dropped, underwriting profit margins were good. That meant plenty of additional surplus funds to handle new business.

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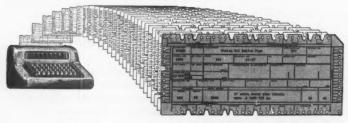
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tion means business is likely to speed up again. During 1950, new fire insurance premiums were up only about 2%, casualty premiums about 5%. This was a smaller increase than the year before. But insurance underwriters see signs of more business ahead.

• Squeeze—The rise in property values and costs is going to squeeze underwriting profits. Fire insurance companies will suffer from the higher replacement costs of property damage by fire. Casualty companies will be hurt by higher losses, particularly on auto liability. Not only are average liability claims higher, but there are more of them.

Since Korea, the casualty companies have noted a higher accident rate. But it takes a long time to get a higher premium rate through; the rate is based on loss experience, and claims for bodily injury often drag out for many months. The losses, therefore, take some time to show. Meanwhile, the companies' profit margins are squeezed.

• "Reasonable" Proft—Rates for insurance companies are supposed to allow them a reasonable profit on their underwriting operations. It doesn't always work out that way. The Spectator, insurance trade journal, made a survey of 100 fire insurance companies. The results show that the group as a whole made only 1.46% profit on their "earned premiums" (comparable to gross revenue) from 1940 through 1949. Forty-eight of these companies lost money on underwriting. The casualty companies did better. A comparable group of 100 companies earned 4.6% in the same period.

The fact that fire insurance companies didn't make large profits out of their underwriting activities didn't affect the dividends they paid very much. Property insurance companies nearly always plow back underwriting profits—direct profits from premiums after deducting losses, etc.—back into surplus. Dividends are based on what they earn being received.

by investing premiums they receive.

• Contrast—There's a difference in investment yields between the fire and casualty companies. The fire carriers have an advantage because they don't have to be quite so conservative as casualty companies. That's because they generally have a larger ratio of capital funds to premium volume than casualty companies. Since they're better protected, fire insurance companies feel free to own more common and preferred stocks than casualty concerns. This boosts their investment yield.

According to Alfred M. Best Co.,

According to Alfred M. Best Co., Inc., which keeps industry statistics, the stock fire and casualty companies had more than \$2-billion invested in common stocks at the start of 1950. Best estimates their capital gains at over \$200-million during the year.



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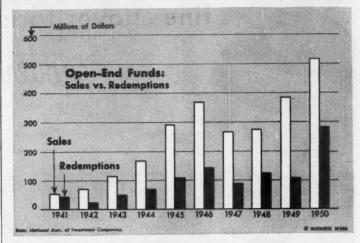
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Open-End Trust Sales Soar-



25 Investment Trusts: Their 1950 Patterns

	Per S	Net Asset Value Per Shore (1)		1950 Dividends		
	Dec. 30, 1949	Dec. 30, 1950	From Socurity Profits	From In- vesiment Income	Gain in Net Asset Value (2)	Yield Fram Investment Income
Affiliated Fund*	\$4.23	\$4.65	\$0.25	\$0.24	15.8%	5.67%
American Business Shar	es** 3.90	4:02	0.20	0.17	8.2	4.36
Axe-Houghton Fund**		9.78	0.23	0.42	30.3	5.47
Boston Fund*	21.67	22.73	0.30	0.92	6.3	4.25
Bullock Fund*	18.81	22.31	0.68	1.07	22.2	5.69
Chemical Fund*	14.99	18.81	0.35	0.69	27.8	4.60
Commonwealth Investm	ent** 5.72	6.41	0.11	0.27	14.0	4.72
"Dividend Shares"		1.74	0.03	0.09	14.9	5.84
Eaton & Howard Balance	ed Fund** 27.14	29.64	0.65	1.23	11.6	4.53
Eaton & Howard Stock F	und* 18.12	20.29	0.75	0.85	16.1	4.69
Fidelity Fund*	26.67	31.20	0.72	1.75	19.7	6.56
Fundamental Investors*	14.93	17.64	0.28	0.85	20.0	5.69
Incorporated Investors*	22.48	28.97	0.90	1.43	32.9	6:36
Investors Management F	und* 14.57	16.67	0.86	0.80	20.3	5.49
Knickerbocker Fund* .	4.76	6.03	000 m	0.40	26.7	8.40
Keystone Quality Comm	n., Stk. Fd. 29.15	31.56	1.81	1.49	14.5	5.11
Keystone Low-Priced Co	mm. Fd.* 4.81	6.73	-	0.25	39.9	5.20
Massachusetts Investors	Trust* 27.67	33.25	-	1.78	20.2	6.43
National Investors*	9.40	10.77	0.50	0.51	19.9	5.43
Nation-Wide Securities	** 13.97	14.81	0.21	0.69	7.5	4.94
N. Y. Stocks Diversified	Invest.* 11.14	13.00		0.72	16.7	6.46
Putnam (George) Fund*	* 15.61	17.57	0.11	0.79	13.3	5.06
Scudder, Stevens & Cla	rk** 51.69	55.26	_	3.20	6.9	6.19
United Income Fund* .	9.81	11.23	0.20	0.65	16.5	6.63
Wellington Fund**	17.92	19.04	0.30	0.80	7.9	4.46
*						

*Open-end fund with holdings predominantly common stacks. **Open-end funds with diversified portfolio containing bonds and/or common stacks and preferrads. (1) Net asset value as bid price for shores since this approximates the former. (2) Based on rise disclosed plus difficient from security profils. (3) Based on 1749 period stack locks.

O BUSINESS WITH

GOING UP. The chart at the top shows how new shares sales—and redemptions—are rocketing. Figures are based on records of 98 open-end investment trusts.

But Redemptions Are Up

New shares total record \$519-million for 1950. But cash-ins increase at faster pace, reaching \$280.7-million for the year.

The open-end investment companies smashed records all over the place again in 1950. Sales of new shares hit an all-time high for the second consecutive year. And for the ninth year in a row, the number of shareholders, and the size of their total assets, set new marks.

• Redemptions—All was not beer and skittles, despite these sensational advances. For the volume of outstanding shares turned in for redemption like-

wise hit a record high, and just as spectacularly.

Here's the good-and-bad picture of the open-end trusts as made public this week in a report by the National

Assn. of Investment Companies. On

the plus side:

New-share sales of 98 leading openend funds in 1950 shot past the \$500-million level for the first time to reach a \$519-million total (chart, page 106). That was \$133-million-more than a third—higher than the previous record set in 1949. And it topped 1946, former runner-up year, by \$150-million, about 40%.

Shareholders of the group totaled 939,000 at the end of 1950. That's 96,000 over 1949; 60% above 1946; and more than double the 1944 figure.

Net assets at the end of 1950 passed \$2.5-billion for the first time. Fastrising security prices and the new money brought in by the new-share sales added about \$557-million to assets, a 28% jump. Yardsticks for the over \$2.5-billion total: In 1945 the figure was \$1.3-billion; in 1941 assets were a mere sixth of the present level.

• Biggest Jump—Now for the negative side: Redemptions rose faster percentagewise than sales, adding up at year-end to \$280.7-million. That was \$173-million—more than 162%—over 1949. Just to give you an idea of how hefty that \$280.7-million redemption total is: It's larger than total sales of new shares in six of the past 10 years, in-

cluding 1947 and 1948.

This hulking slice of shares turned back to the trusts doesn't mean a thing, according to some in the trade whose feelings are easily hurt by reference to the redemption trend. They pooh-pooh the idea that redemptions are a measure of the public's liking for open-end trusts. Some shareholders, they say, will always want to liquidate for a variety of reasons. In their view, new-share sales are the only reliable popularity test.

There's probably a good deal of validity in this argument—but only up

to a point. That point seems to have been passed in 1950. The ratio of redemptions to new-share sales was over 54%; in the second and fourth quarters it was 60%. Try that for size against the 1949 figure, a modest 28%.

• Capitalization—As a result of heavy redemptions, the \$519-million newshare sales in 1950 resulted in a mere \$238-million gain in total capitalization of the investment trusts. That's \$40-million less than the capital increase marked up in 1949 on new-share sales of only about \$386-million.

Not all open-end funds suffered equally from redemptions, though all felt a steep rise. Hardest hit were trusts specializing exclusively in bonds or limiting their holdings to certain industries. In this group, redemptions were actually slightly higher than new sales. For comparison: In the funds holding straight common stocks, redemptions were only 51.4% of sales; in balanced funds holding common, preferred, and bonds, the ratio was 25.9%.

• War Scare—Various reasons have been advanced for the jump in redemptions. War fears can have something to do with it, but they can hardly take the whole blame. The stock market, too, has had to contend with war fears. Yet it bounced back fast from the scare selling at the start of the Korean war, and then again when China intervened. And except for these two setbacks, the market has been proceeding merrily on its way.

There's something else to remember. Even before Korea, there were signs that many open-end trust shareholders had decided to cash in their paper profits from the bull market. That was especially true for trust holders who had held their shares for a long time without any chance of profit-taking.

 Advice—Wall Street gossip advances another reason for the redemptions. Brokerage house customers' men have been urging their clients to shift from open-end trusts into the stocks of single companies. Their argument, of course, is this: Why pay out part of your winnings for investment advice when the bull market means that most good stocks can be counted on to go up?

This doesn't mean that no big gains are being chalked up these bullish days in the open-end investment field. Some are, but to get in on them you have to pick just as selectively as you would among individual shares on the Big Roard

Performances of open-end funds in



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1950 were just as varied as the standard securities. Among the 25 representative trusts listed on page 106, capital appreciation ranged all the way from 39.9% down to 6.3%. And the yield from the open-end shares showed a spread from 8.4% down to 4.85%.

• Not a Clue—You can't assume that

• Not a Clue—You can't assume that such variations give a sure clue as to the quality of investment guidance being given to the various trusts. On the contrary, they reflect the different investment objectives of the trusts. Some are speculative-minded, others are for strictly investment accounts. Some hold a diversified list of common stocks, some concentrate on a single industry, some on bonds exclusively, some hold combinations of commons, preferreds, and bonds.

Trying to compare the performance of a trust with the stock price averages also gives only misleading results. There's only one yardstick for judging a trust. It lies in your answer to the question: "Could I as an individual have done as well, with the same investment objectives, in the same circumstances?"

FINANCE BRIEFS

The biggest corporate issue ever: AT&T will offer it to stockholders—\$415-million of 12-year, 3\\(^{\frac{1}{2}}\)% debentures, convertible into stock at \$138 a share. It will bring to \$1.5-billion the total of AT&T convertible debentures issued since the war.

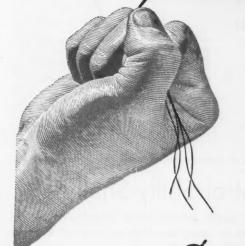
"Dangerous implications" was what the National Assn. of Life Underwriters said in effect about LISA, Bank of America's life-insured savings plan (BW—Aug.26'50,p70). The association told its members that it can mean trouble for insurance agents. The plan has now been approved by several states.

SEC will allow five power companies to join in building the \$70-million power-plant for the new atomic project at Paducah, Ky. (BW—Dec.16'50,p24). The utilities will be allowed to hold the stock of Electric Energy, Inc., which will build the plant. But SEC reserves right to make them sell their stock later.

Twin City Rapid Transit Co., subject of a bitter stockholder fight (BW-Oct.7'50,p108) is going to pay its first common dividend in four years, its second in 20.

War clauses: Another major company, John Hancock Mutual Life, is adding a war risk clause to new policies it issues. Prudential put one in several weeks ago.

Feeding a ship at sea calls for an oil hose that's super-strong, yet flexible enough to take sharp bends without rupturing, light enough to be quickly passed from ship to ship. Cords of "Cordura" help make these hoses better because they provide full strength with fewer plies.



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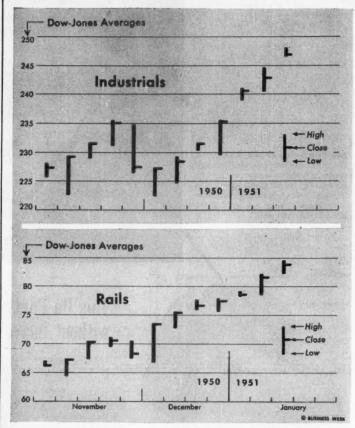
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THE MARKETS



UNTIL MID-JANUARY the market showed no fear of controls; then came . . .

Price Control Shilly-Shally

Bull market pauses indecisively as Washington readies price and wage controls. Bears say, "We told you so," but bulls are still cocky.

How will price controls (page 19) affect business generally from now on?

That's the \$64 question the market has been forced to wrestle with this week. And it has been having a lot of trouble dredging up an answer satisfactory to all its participating traders and investors.

Since mid-January the battle waged on the Big Board by the bulls and bears has been pretty much an even affair. Whenever the bears have been able to push up prices one day, the bears have shown an equal ability to knock them down again in the next trading session. Such indecisive action has been having a gradual effect on trading volumes. These have been dwindling steadily as the market continues its sidewise movement.

• Fancy Show—That's a big change. Up to last week the stock market had put on a mighty fancy show ever since the Chinese Reds started invading Korea in force. Between Dec. 4 and mid-January, the rail index chalked up a 26% advance, the industrials almost a 12% gain by the industrial yardstick (chart, above).

All that time, trading volumes kept up with the upswinging averages. Between Dec. 14 and Jan. 17, there weren't many full trading days on the Big Board when 3-million or more shares failed to change hands.

• Warned—Wall Street's bearish elements haven't been surprised at the market's recent indecisive price action. For a long time they had been warning the traders that they were not paying sufficient attention to the possible imminence of price controls—or giving enough thought to the unfavorable potentialities of many other equally important factors, including the likelihood of higher taxes and war conversion problems (BW-Jan.13*51,p82).

But until now the market has been pushed upward by the rush of individuals to buy stocks as an inflation hedge plus the heavy stock-purchase programs of pension funds and other institutional investors. Every time stock prices have started to sag, such buyers have invariably come in to support the stock market-and then boost stock prices a notch higher.

To support their thesis that the market has gone too high for comfort, the bears can point to the action of the Federal Reserve Bank raising margin requirements from 50% to 75% last week (BW-Jan.20'51,p104).

In recent trading sessions bears claim to have found evidence, too, that the market's technical position has been deteriorating. On many occasions lately, stocks have churned around in great volume without getting far; low-priced stocks have been accounting for an increasing portion of daily trading volumes.

• Cocky Bulls—Whether the bears' predictions are going to prove any more correct now than proved the case during recent months remains to be seen. The bulls still appear pretty cocky. And they have a right to be. For thus far, they've had the best of the argument.

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Analysts Forecast 1951 Stock Market

Chicago group sees generally higher Dow-Jones averages this year. Rail, oil, and aircraft shares are favored most.

What's ahead for the stock market in 1951?

Thirty members of Chicago's Analysts Club put that question to their crystal balls, worked out these composite answers:

If there's no full-scale war this year, the Dow-Jones industrial stock average, now in the low 240s, should range between a high of 254 and a low of 199. The companion rail index, now around 82, should swing between 84 and 59.

If there is full-scale war, the industrial yardstick isn't apt to go any higher than it already has so far in 1951 and can be expected to drop sometime to as low as 173. The rail average isn't likely to move above 84 or below 53.

• Trained—Obviously, a crystal ball isn't entirely reliable. But this bunch of ball-gazers are experts. Their livelihood, like that of their more-publicized Wall Street counterparts, depends on their judgment in investing millions of dollars annually for institutions and individuals.

The Chicago group has made out pretty well on their past predictions. A year ago they collectively estimated that in 1950 the Dow-Jones industrial average would range from 225 to 175. That estimate was as close as most other such forecasts. Last year's index swung from 196.81 to 235.47.

 Many Answers—Of course, there was a lot of variation in the individual reckonings on what the Dow-Jones stock price averages will do this year. Guesses on the behavior of the industrial index —provided the state of half-war keeps up-ranged this way: on the highs, from below 250 to 300; on the lows, from 160 down to 120.

There was the same difference of opinion concerning the possible effect that full-scale war might have on the price movements of the D-J rail index. About 50% thought it would rise higher if war didn't occur than if war did. About 25% thought just the reverse, that a full-scale war would ensure a higher 1951 top. The rest believed that the degree of war would make no difference.

• Stock Favorites-What stocks does the group like the best for holding in

Those contacted were asked to list at least two of their favorite stock groups. Here there was a lot more uniformity. For the three most favored—come war or not—were railroad, oil, and aircraft shares, in that order.

On the "half-war" favorites, the votes ran like this:

Rails 15; oils 13; aircraft 9; department stores and retail trade 5; steel 4; metals and machinery 3 each; rail equipment and utilities 2 each; textiles, paper, machine tools, motion pictures, and automobiles 1 each.

For the "full-scale war" favorites, the experts picked these:

the experts picked these:
Railroads 13 votes; oils 12; aircraft 7;
steels 6; rail equipment and machinery
3 each; machine tools and motion pictures 2 each; department stores, street
railways, shipping, airlines, paper,
metals, chemicals. pharmaceuticals, and
automobiles 1 each.





LABOR



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Behind the Coal Pact Scenes

How Lewis' personal method won \$1.60-a-day boost for miners. His victory writes finis to fifth-round raises. And there may be no more free bargaining for the duration.

Five years ago, the nation's first experiment with wage control ended. And last week the fifth round of postwar wage increases came to a symbolic end.

While many employers in smaller enterprises and smaller industries still have fifth-round adjustments to make, the new bituminous coal wage contract winds up the last really big settlement. It probably also winds up free collective bargaining for the duration. For this week Washington was poised for a second experiment with wage controls.

Coming last to the trough before the gate was built, John L. Lewis did not take away the least. His 20¢-anhour gain leaves the unions that settled earlier chagrined. The added \$1.60 brings the daily basic wages for miners up to \$16.35.

How he did it makes a case study in collective bargaining a la Lewis. Because he will be 71 years old next month and controls might outlast his tenure of active leadership, this may be his final triumph as personal bargainer. If so, it will put a fitting period to a unique career.

It was strictly a pair of personal duels: One between Lewis and Joseph Moody, president of the Southern Coal Producers Assn., an old, established sparring partner of Lewis'; the other between Lewis and Harry Moses, president of the new Bituminous Coal Operators Assn., representing captive and other northern mine operators, and set up specifically to bargain with Lewis. Here is what happened:

Dec. 8. Without a previous appointment, Lewis drops in at the office of Moody, in Washington. Some small talk; then Lewis affirms he wants "quiet" negotiations this time; no fanfare, no public spectacle, no truck with "burrocrats." Moody is delighted; he reminds Lewis of the contract's Apr. 1 reopening date. Lewis says he will honor that date—unless an earlier date is found mutually agreeable.

Dec. 23. Unexpected and unannounced, Lewis strolls across from the Carlton Hotel into the new Washington office of the Bituminous Coal Operators Assn. Inquiring for president Moses, Lewis is told he is home in Pittsburgh for the holidays. Moses' secretary gets him on the phone, tells him he has had an important visitor who wants to know "when Mr. Moses will be back in town—but tell him there is no hurry." Also in the message that Lewis left is a request that Moses phone him when he gets back.

Dec. 26. Čleveland coal interests hear through the grapevine that mine union officials are talking of a new contract that will add a shade more than 20¢ an hour to the wage bill: 18¢ in hourly rate increase, plus 5¢ per ton

more for the miners' welfare fund

(BW-Jan.6'51,p98).

Dec. 27. Moses hails Lewis at lunch in the Carlton Hotel; he arranges for Lewis to visit him at 4 p.m. Appearing at 4, Lewis says: Let's get a new contract settled. Here is the gist of the colloquy that followed:

MOSES: What's your price? LEWIS: Cut the work day a halfhour, and raise the daily rate \$1.

MOSES: Public opinion would roast us if we cut work time with everybody crying for more production. You'd work the half-hour anyway, which would give you time-and-a-half. other words, you're asking more than

LEWIS: Well, you wanted to know my price. Think it over.

MOSES: I don't have to; we're not

buying it.

After Lewis leaves, Moses sends wires to his executive committee members, summoning them to Pittsburgh on Jan. 15. Then Moses makes a couple of phone calls.

Jan. 3. Lewis drops in on Moses

again:

LEWIS: Well?

MOSES: We'll push up the daily rate to \$16.00-that's a \$1.25 increase.

LEWIS: No, thank you. My figure is \$2.00. I trust you've read your newspaper: Note the 25¢-an-hour boost the White House gave the railroad workers.

MOSES: Those guys waited a long time for that.

After a long discussion of the eco-nomics of coal and what the operators can assume about their profit outlook: LEWIS: You'd better think in terms

of a \$1.50 minimum raise.

MOSES: Is that an offer? LEWIS: No. My offer is \$1.75. MOSES: Too high.

Jan. 4. Lewis visits Moody, "just to fill him in" on talks with the northern operators. He suggests to Moody that a half-hour shorter day might help to steady the coal market. He impresses on Moody that anything might happen if the government got into the negotiations; "better get this settled our-selves." He has Moody thinking something real is cooking with northern operators.

On the same date, Moses sees Lewis briefly before the latter leaves for New York labor-management conference; he determines Lewis has nothing new to sav.

Jan. 8. Lewis in Moses' office:

LEWIS: Let's close this out for \$1.50 in wages and 5¢ more per ton for the welfare fund.

MOSES: No, sir. Nothing for welfare; that fund is in good shape and getting bigger all the time. Make it \$1.50, and we can call in my secretary and dictate a memorandum.



DISCUSSION between Wage Stabilizer Cyrus L. Ching (left) and John L. Lewis reflects the government's new problem: what to do about miners' 20¢-an-hour raise.

LEWIS: Don't get on your horse yet, Harry. That won't do it.

MOSES: All right, John. This is it.

Last and final. The whole bagful. And I'll have a hell of a time getting my board to take it: \$1.60.

The period of silence lasts long enough for Lewis to pace twice across the room and back to the desk from which he picks up a gold pencil and a scratch pad. On it he scribbles: "(1) Higher wage effective Feb. 1; (2) contract to run until Feb. 1, 1952; (3) \$1.60-a-day increase."

MOSES: Why the earlier termination date? What's the matter with July-as we've got it now?

LEWIS: Is it important to you? MOSES: I don't know; we'll have to talk about it.

It is Moses' impression that Lewis wants to narrow the gap between the steel and coal contracts' expiration dates. In 1949, effectiveness of the coal strike was blunted by the strike in

Jan. 15. Moses meets his board in Pittsburgh's Duquesne Club. He shows them Lewis' scribble, and gets authorization to make the best deal possible. He phones Lewis that, except for a termination date, they've got a contract.

Lewis wires to the union policy committee to assemble Jan. 18 in Washing-

Jan. 16. Moses visits Lewis, offers Apr. 1 as a compromise termination

Jan. 17. Union and BCOA attorneys get together. Each side has its own version of a contract draft. They reconcile everything except termination date. They break off, return to their respec-

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tive offices. Moses spends a worried two hours, then Lewis phones: "You're always looking for a favor. Well, against my better judgment, I'll make it Apr. 1."

Jan. 18. An early morning meeting at the Carlton of Moses and union vice-president Tom Kennedy gets everything settled.

At 9:30 Lewis calls Moody to say he has what he wants from BCOA, that he

will recommend its acceptance by the union policy committee, meeting at 10. He wants to know whether the southern group wants to be in or out, and he wants to know fast. Moody, who can recognize a strike threat when he meets one even if it doesn't carry a label, says O.K., the South will take it.

At noon a press conference is called to announce a new national coal agree-

ment.

What's Happening to the Cost of Living

	Total Cost of Living	Food	Cloth-	Rent	Gas & Elec- tricity	Other †Fuel		House Furnish- ings	Misc.
December, 1941	110.5	113.1	114.8	108.2	96.7	11	1.3	116.8	107.7
December, 1942	120.4	132.7	125.9	108.0	96.8	11.	5.5	123.7	112.8
December, 1943	124.4	137.1	134.6	108.1	96.0	12	2.4	127.9	118.1
December, 1944	127.0	137.4	142.8	108.3	94.8	12	3.6	143.0	123.1
December, 1945	129.9	141.4	149.4	108.3	94.0	12	6.1	148.3	124.8
December, 1946	153.3	185.9	176.5	108.8	92.0	13	8.3	177.1	136.1
December, 1947	167.0	206.9	191.2	115.4	92.6	16	2.0	191.4	144.4
December, 1948	171.4	205.0	200.4	119.5	95.3	191.3	138.4	198.6	154.0
December, 1949	167.5	197.3	185.8	122.2	97.2	191.6	145.5	185.4	155.5
January, 1950	166.9	196.0	185.0	122.6	96.7	193.1	145.5	184.7	155.1
February, 1950.	166.5	194.8	184.8	122.8	97.1	193.2	145.5	185.3	155.1
March	167.0	196.0	185.0	122.9	97.1	194.4	146.6	185.4	155.0
April	167.3	196.6	185.1	123.1	97.2	195.6	146.6	185.6	154.8
May	168.6	200.3	185.1	123.5	97.1	189.1	146.6	185.4	155.3
June	170.2	204.6	185.0	123.9	97.0	189.4	146.6	185.2	155.3
July	172.5	210.0	184.7	124.3	97.0	190.9	146.6	186.4	156.2
August	173.0	209.0	185.9	124.6	97.0	194.4	147.4	189.3	158.1
September	173.8	208.5	190.5	124.8	97.0	196.5	148.0	195.4	158.8
October	174.8	209.0	193.4	125.0	96.8	199.4	150.3	199.8	159.5
November, 1950	175.6	209.5	195.0	125.4	96.8	200.4	151,8	202.3	160.5

December, 1950*178.4 215.4 196.4 123.8 96.8 201.3 152.1 204.8 162.0

† Ice grouped with "other fuels" prior to 1948.

• BLS officially estimates the over-all c-of-I index is 1.3 points too low and the rent index is 7.1 points too low. The error has been accumulating since 1940. The reason is that the BLS index hasn't been reflecting the higher level of rents charged for new dwellings.
Data: U. S. Bureau of Labor Statistics.

Prices Up; Wages to Follow

December jump in c-of-l the biggest since Korea, forecasts 3¢ to 5¢ pay boost under GM-type escalator contracts.

The Bureau of Labor Statistics' monthly cost-of-living figures jumped 2.8 points from mid-November's 175.6 to mid-December's 178.4. That's the biggest gain since the start of the war in Korca—and the biggest since the upward push in prices right after World War II controls went off.

• Wage Followup—It forecasts another substantial wage boost—probably 3¢ to 5¢ an hour—for workers covered by General Motors-type "escalator" contracts. These raises are automatic—unless government economic stabilizers dare union wrath and void e-of-l wage adjustments for the duration.

In mid-October, when the last c-of-l adjustment was made in pay, the index stood at 174.8. Workers got a 3¢ raise. The index has risen 3.6 points since then. That means a 3¢ increase under the GM formula: A 1¢ raise for each 1.14-point gain in c-of-l. Even a rollback in prices won't affect that. Nor will a rollback to Jan. 1 levels, as anticipated, bar a further rise in the mid-January index. Washington economists already predict that the Jan. 15 figure (due in mid-February) will show another increase.

• The Food Factor—The biggest factor in it will be the continued rise in the price of foods. A 5.9-point spurt in food costs between November and December did a lot to send the BLS index to its new high.

Back-Pay Verdict

Jobless benefits can't be deducted from back pay when a worker has been unlawfully fired, Supreme Court rules.

A man isn't "earning" money when he's collecting unemployment compensation. So a company can't deduct jobless benefits from back pay that is coming to him if he has been unlawfully discharged.

• The Case-That's the gist of a Supreme Court decision last week. The decision involved the Gullett Gin Co., Amite, La. The company fired 10 tinshop employees for sitting around, during work hours, discussing management's refusal to grant a wage increase. The men filed unfair-labor-practice cases with the National Labor Relations Board.

The employees alleged the company had violated their right to engage in "concerted activities for the purpose of collective bargaining or other mu-

tual aid or protection. Gullett argued that a contract with the United Steelworkers (CIO) had just run out when the pay demand came up. Two other unions had petitions for bargaining rights at Gullett before NLRB. Because of the uncertainty over how an election might go, the company told NLRB, it turned down the tin-shop crew's request for a raise. When the men later refused to work, the company discharged them.

NLRB ordered the 10 men reinstated and repaid the wages they lost while off the job.

· But How Much?-The men lost about \$2,500 in pay, but they collected \$900 in unemployment compensation. Gullett argued that they thus had an actual loss of only \$1,600. NLRB said no, the \$900 in jobless benefits didn't count-Gullett owed the men \$2,500.

NLRB had given similar rulings before, notably in the Marshall Field & Co. and Brashear Freight Lines cases. The board contends that unemployment compensation is a collateral benefit-and that since an unlawfully discharged employee is not reimbursed for any collateral losses he may suffer, he should not have collateral benefits counted against him.

Lower courts upheld NLRB in the Marshall Field and Brashear cases, but the issue never was put squarely before the Supreme Court. In the Gullett case, the Fifth Circuit Court of Appeals agreed with the company on the amount of wages to be made up. NLRB's appeal set the stage for the Supreme Court's final, unanimous decision on the question.

Winterizing recalls the time Davy Crockett climbed Daybreak Hill. Found the earth froze fast on her axis; sun congealed in his own sweat. So Davy took a ton of bear oil; worked it in his hands 'till it melted over sun's face and earth's axis. Then he give earth's cogwheel a backward kick to loosen the sun. Earth grunted and started to turn. Dawn broke late but mighty beautiful that January morning.

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Pittsburgh store workers ask NLRB to decertify three locals because of pay lost while the unions supported truck strike.

Some 290 employees of Joseph Horne Co., Pittsburgh department store, last week told the National Labor Relations Board they were fed up with their unions. They asked NLRB to decertify a CIO and two AFL unions because these haven't "adequately or justly" represented them.

The unions are AFL's Retail Clerks, its Office Employees, and CIO's Amalgamated Clothing Workers.

· Strike Grievance-The decertification action, filed under the Taft-Hartley law, is based on a grievance carried over from the recent Pittsburgh truck drivers' strike. The AFL and CIO unions supported AFL's teamsters in a walkout aimed particularly against department stores. Because they did, members employed in the stores lost up to four weeks' pay.

Members of the three unions in the Joseph Horne store complained that support for the teamsters' strike caused too great a hardship on store workers. They circulated decertification petitions and got more than 30% of the employees in each bargaining unit to sign them-enough to meet the requirements of the T-H law.

• Counterattack-Their unions didn't stand by idly when the decertification drive was launched. The unions charged the ouster move wasn't "a voluntary, spontaneous expression" of the store workers' wishes. They alleged, in filing unfair-labor-practice charges against Joseph Horne, that store supervisors "induced and encouraged" the revolt. The unions said that dissatisfaction over strike idleness was capitalized on for an antiunion campaign.

Under NLRB procedure, the unfairlabor-practice charges must be disposed of before the decertification vote can be held. Unless there's unusual speed in NLRB, this means a probable delay of three months or so-enough, the unions figure, for some adequate fencemending in the 11 departments of the store where employees rebelled.

The Pictures-Cover by Dick Wolters. Black Star-129; Harris & Ewing-113, 126 (top rt.); Int. News-23 (lt.); Bob Isear-94, 96, 98; Dan Wiener-54, 55, 56; Wide World-22, 23 (rt.), 49, 92, 112; Dick Wolters-38, 40, 42, 44, 89, 90, 117; Ida Wyman-120.



REPORT to United Auto Workers from Walter Reuther shows

Bargaining Aims

With wages out of the way, auto workers turn to long-range aims such as larger pensions, union-owned insurance firm.

Now that its major contract drives are over, United Auto Workers (CIO) is looking into the future. Wages are no longer an issue for bargaining, most contracts run for five years and provide for cost-of-living and annual raise adjustments. So UAW's long-range aims are taking on more and more importance in union planning.

 President's Report—A clue to these aims could be found this week in a 20,000-word report to UAW from its president, Walter Reuther. It outlines plans that the union's next convention (in Cleveland this April) will be asked to approve.

Delegates will be asked to push for:

• Larger pensions and health and disability insurance benefits;

 Larger unemployment benefits;
 A guaranteed annual wage in auto plants;

Higher vacation-pay schedules;
 A union-owned nonprofit insurance company to provide coverage for UAW members.

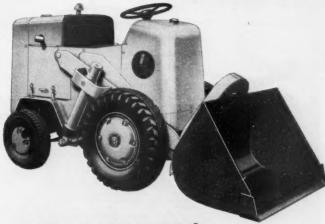
Reuther offered no details on the insurance plan. He noted only that UAW now has about 1,250,000 members—more than enough to cover insurance risks without going outside the union.

Reuther charged that existing insurance companies "make sizable profits out of the workers' insurance dollars (and) use these profits to finance lob-

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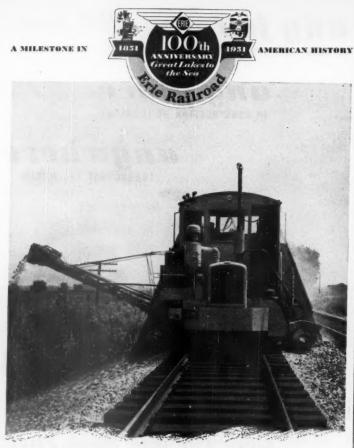
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He asked that the union give the executive board the power to look further into the feasibility of a union-owned company—and the authority to set one up if it would bring material savings to workers.

• Wage Demand—The demand for a guaranteed annual wage was combined with another effort to set up joint labor-management consultation. Reuther urged that industry and UAW establish a commission to study the technological problems involved in smoothing out production patterns. He said a guaranteed annual wage would be "a practical stimulant for better planning of production schedules."

Reuther added that the annual wage issue is "a very definite one" now. In the past, UAW has advanced it mostly for bargaining purposes.

• At the Government—The demand for higher unemployment benefits will be aimed against the government. UAW wants the federal government to supplement unemployment-compensation benefits for workers laid off due to curtailments of civilian production.

• Down to Figures—At one point, Reuther became quite specific in his report. This was in respect to the union's long-term vacation-pay schedule. He noted that many members, mostly those with 15 or more years' seniority, get 120 hours of vacation pay annually. Reuther argues that this isn't enough, that it should be raised to 160 hours' pay. On the basis of an average \$1.83-an-hour wage, Reuther says this would mean annual vacation benefits amounting to nearly \$300 for long-seniority workers.

Reuther repeated UAW's aims regarding security benefits: a \$200-a-month pension; pooled pension funds to permit workers to carry accrued credits from one job to another; and complete elimination of "the economic hazards of sickness and accidents."

• Higher Pay, Higher Dues—Pushing such a program takes money, Reuther warned. He recommended a dues increase from the present \$1.50-a-month set by the constitution—which provides 65∉ a month for the international union treasury.

Reuther asked for no specific increase. He said that is for "the membership to decide." But he pointed out that since 1946 the union has won \$127.39 per month in pay increases for members under basic pay patterns, while charging the lowest dues of any major union.

He implied, by mentioning dues in other unions, that he would like UAW to adopt a rate that is somewhere between \$2 and \$4 a month—with half of it being paid into the international union treasury.

Learn as You Earn

Northern Ohio employers join in program to train teachers to train workers for skilled jobswithout government help.

Employers are up against the same problem they faced early in World War II: They've got to find a way to make sure they'll have a steady supply of competent new workers in a time of manpower pinches.

Already most of them agree that the best out is to recruit green workers, train them on the job under standard

work conditions.

· SKF Industries, in Philadelphia, has adopted this plan to turn out capable ball-bearing and roller-bearing workers "in a matter of days."

· Chance Vought, in Dallas, is doing it to make aircraft craftsmen out of unskilled workers-including many women-in four to five weeks.

They're just two of the many companies that have revived old learnwhile-you-earn, or inplant, training programs. All are sure you get better and quicker results that way. But they agree you've got to have really qualified instructors-top-skilled in the job to be taught and in the technique of effective instruction.

· Source of Supply-Getting training directors and instructors is the big problem. During World War II, the directors were obtained by the government-on loan from industry-under the old Training Within Industry (TWI) program. The agency trained some 3million persons for war plant supervisory work during five years.

Some companies needing training officers are turning again to TWI-now a private, nonprofit organization with its main offices in Summit, N. J. Few want to see the old governmentoperated program back in operation.

· Objections-SKF's president, William L. Batt, objects to it, for instance, because the government "drafted" key workers out of the shops "for months on end" to serve as instructors.

Northern Ohio employers And didn't like the old program because they felt it was a "canned" operation that ignored an individual employer's needs. They also objected to what they considered the government agency's pro-union bias.

• Tailor-Made Plan-The Northern Ohio group has gone further than any other in setting up a full-fledged training program. Its program is tailored to the needs of individual companies and operated without government participation.

The program, announced officially

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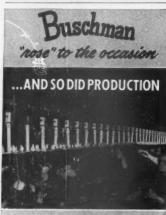
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last weekend, is administered by the Industrial Training Directors' Assn. of Northeastern Ohio-soon to become the Northern Ohio Chapter of the American Society of Training Directors. The program is set up to:

(1) Turn out training directors for companies that want to run their own training program for old and new em-

(2) Help in any other way in setting up industrial training programs in Ohio.

Some of Northern Ohio's largest companies are lending their training directors as consultants and instructors. · Setup-Here's how the new setup

will work: A company that sees the need of an inplant training program for employees can apply to William G. Donaldson of the Cleveland Chamber

of Commerce for help.

Donaldson will get together a committee of training directors from sponsoring companies. They'll meet with officers of the company that wants help, hash over its training problems, and offer advice-free.

Later, the company's officers will confer with another picked group from "Emergency Training Plan" sponsors— this time a group familiar with the type of problems faced by the company that wants help. Again, free advice, definite recommendations, and consult-

ing service.

Then the company selects an employee, preferably from its personnel department, to attend a three-week institute for new training directors. The first expenses are then run up; the course, limited to 30 at a session, will cost \$600. That includes the cost of training materials, field trip expenses, and lunches and dinners. The company pays all of it, plus the salary of the trainee while he's going through the intensive 5½-day-a-week school.

The course includes both classwork and field trips to plants where successful training plans are operating. By the time they finish the course, sponsoring companies believe "graduates" will be able to set up and carry through a com-

prehensive training program.

• Experts—The faculty will be made up of training directors of such firms as Thompson Products, Warner & Swasey Co., White Sewing Machine Corp., Timken Roller Bearing Co., Yoder Co., and American Steel & Wire Co. All these companies operate highly successful training programs.

The sponsors didn't consult Cleveland unions before setting up the training plan. They explained that emplovee-training is strictly a management prerogative and a management problem. But they said that unions may be asked to cooperate later-after all "preliminary" arrangements have been completed.

LABOR BRIEFS



AFL's political head Joseph D. Keenan (above) was named secretary-treasurer of AFL's big Building Trades Dept. It may mean giving up his political-action post, which could be a blow to AFL-CIO collaboration. Keenan's close co-operation with Jack Kroll of CIO has done much to bring the unions together.

The strike at Nash in Milwaukee and Kenosha, Wis., ended when the com-pany reinstated three workers who had been fired for violating company rules. The case of another, whose layoff Jan. 8 made 8,500 walk out, will be handled as a grievance.

A labor-paper strike of editorial and clerical workers ended after one day when The Kenosha (Wis.) Labor O.K.'d a 10¢ hourly raise for the American Newspaper Guild (CIO). The walkout didn't stop Labor from print-

New labor-relations boss of Weirton Steel is Edward A. Ross, formerly head of the Weirton Independent Union, Inc. This is the group that was disbanded under court order last year and replaced by a new independent union (BW-Aug.12'50,p126).

Internal politics in CIO's shipyard union led to John Green's quitting as president this week and John Grogan's stepping into the top job. Green will now direct CIO organizing in the railroad industry.

Air holidays as rewards for salesmen and high-producing workmen, along with other types of incentive programs, are being featured by American Airlines and Trans World Airlines. Both Trans World and American have developed package programs for industry to use as incentive awards.



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INTERNATIONAL OUTLOOK

BUSINESS WEEK JANUARY 27, 1951



Don't let all the fanfare over a cease-fire in the Far East take your eye off the ball—Europe.

It's possible, of course, that the Red Chinese want Korean truce talks for military reasons. Reports indicate they're taking a heavy pasting from United Nations air and ground forces.

But, more likely, Peiping really isn't interested in any discussions. The whole cease-fire business looks like a Kremlin smokescreen—a move to confuse and divide the Western allies.

These tactics are paying off. At midweek, the U.S. and British were poles apart on Far East policy.

Moscow has unlimbered some more big guns in the war of nerves.

Peter Pospelov, Politburo member and top Communist idea man, has let loose the most violent attack on the U.S. yet. The idea was to whip up hatred in Russia—and at the same time turn Western Europe against us.

Here's what makes Pospelov's speech so ominous: It's the first time such a blast has come from a Politburo man; and it was made in Stalin's presence. That makes it official.

Meantime, two bristling Soviet notes were delivered to London and Paris, charging violation of friendship treaties with the U.S.S.R. Some diplomats feel the Russians are getting ready to denounce the pacts. So the pressure on France, particularly, is acute.

Yugoslavia is battening down the hatches for war.

Observers in Belgrade report that Tito isn't kidding when he says an attack may come in the spring.

There's little doubt now that Tito is ready for a full-dress military alliance with the West.

Some Belgrade circles are even discussing a kind of "united front" with Britain's Labor Party, to be followed by an Anglo-Yugoslav friendship pact. London is anxious to rebuild its old influence in Yugoslavia.

Moscow will continue to use events in the Far East to split the West.

India, for one, feels that, if the U.N. brands Red China an aggressor, the Russians may:

- Threaten to withdraw from the U.N.
- Invoke the Soviet-Chinese mutual-assistance pact and send planes and submarines to help out Mao Tse-tung's armies in Korea.
- Engineer a Peiping ultimatum demanding that the British withdraw from Hong Kong.

Nevertheless, the U.S. will keep trying to put the aggressor stamp on the Chinese—and push for economic sanctions, too.

It's all part of a new "containment" policy in the Far East (page 23). Here's how the policy will stack up:

- (1) U.N. troops will try to hold a new line in Korea. They will inflict as much damage on the Chinese as possible.
- (2) We will explore the possibilities of using anti-Communist forces in South China. But Chiang Kai-shek should stay put on Formosa for defense purposes.
 - (3) We'll see what can be done to aid the embattled French materially

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK JANUARY 27, 1951 <u>In Indo-China.</u> That's a big reason why French Prime Minister Rene Pleven is coming to Washington next week.

(4) Britain and France will be nudged to go along with U. S. policy. Washington thinks they will—eventually.

China policy has brought confusion and soul-searching to Britain.

On the one hand, the British public is afraid of a rift with Washington over the Far East.

But at the same time, all parties are dead set against a final break with Peiping. They're convinced an open challenge will bring no worth-while results, only excessive liabilities.

Meantime, Prime Minister Attlee continues to nourish hopes that a peaceful settlement can be hammered out in Korea.

Britain has rearmament troubles, too. Attlee's new, enlarged arms budget is meeting stiff resistance because of the deep pacifist strain in the British Labor Party.

Moreover, Labor is still reluctant to sacrifice any welfare benefits or living standards for a big defense effort.

The prime minister is bound to win though. A three-year defense budget of £4-billion is likely.

U. S. officials in Paris are elated by the results of Eisenhower's tour of Europe.

They're confident he can snap the West Europeans out of their indecision, get rearmament rolling in high gear.

Moreover, these observers are betting that Eisenhower will recommend a full-scale U. S. commitment to defend Europe at the Elbe.

But French leaders are determined to backtrack on Germany.

They reason that arming West Germany will provoke a Soviet attack, whereas rearmament in other countries wouldn't.

So Paris is ready to drop arming the Germans if solid concessions can be exacted from the Russians in exchange. France wants to explore every possible avenue toward such a settlement.

Eight U. S. banks have joined the World Bank in an \$80-million loan program to South Africa.

The World Bank is putting up \$50-million for power and railway equipment; private banks are adding the rest.

The South Africa loan has sopped up just about all the World Bank's uncommitted funds.

New financing plans have already been mapped. The bank soon will go to private investors for between \$50-million and \$100-million.

John Foster Dulles will get down to brass tacks with the Japanese.

In a Tokyo speech next week, he'll invite Japan to join up as a member of the free world. And he'll explore with the Japanese continuing U.S. economic help to that end.

Dulles will warn Japan to keep its own house in order, stressing that it is each nation's own responsibility to deal with the "internal aggression" of communism.

BUSINESS ABROAD

U.S. Drives for Hemisphere Mobilization

At March meeting with Latin America, it will call for greater materials output, lay down our plans for getting it.

On Mar. 26, the foreign ministers of the 20 Latin American republics will gather in Washington. Their purpose is to mobilize the Western Hemisphere. The stakes at the meeting will be

high.

• The Latin Americans will be bidding for a fair share of U.S. con-

sumer and industrial goods.

• The U.S. will be taking a long look at the staggering list of essential raw materials that come from south of the Rio Grande:

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Antimony .	٠	۰	۰									26
Bauxite												78
Bismuth												32
Chrome ore												14
Coffee												90
Copper												24
Lead												26
Manganese												21
Sugar												85
Tin												39
Tungsten .												70
Vanadium .												18

And that's just a sampling. The U.S. already leans heavily on Latin America for its beryllium, cadmium, mica, quartz, quebracho (for tanning), iodine, sisal, and zinc. In the future, iron ore from Venezuela, wool from Uruguay and Argentina, and new deposits of manganese in Brazil and tungsten in Bolivia may prove to be lifesavers. Latin America's manpowerfor fighting and for working—may become a vital asset, too.

• Not for the Asking—But all these fruits aren't going to fall into the U.S. basket just for the asking. Latin American spokesmen at the March meeting are going to be tough bargainers. They feel they got stung badly during World War II, when they sold their raw materials to the U.S. at a controlled price but got few goods in return. This time, they'll try their best to get firm commitments from the U.S. to supply the goods they need.

 Agenda—This week in Washington, top planners for hemisphere mobilization—headed by Edward G. Miller, Asst. Secretary of State for Latin American Affairs—are pondering the four big questions that will come up in March.

(1) What can be done to speed Latin





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FOR LATIN AMERICA: German Pico, Chilean businessman, seeks U. S. money and machinery to develop Chile's resources.

American production of strategic materials?

(2) What projects will cut down Latin America's dependence on imports from abroad?

(3) How much must the U.S. pay for cooperation in the Americas?

(4) Can we expect vital manpower help?

I. Materials Needed

Wherever it's possible, Washington hopes that private U.S. companies—working with local capital in Latin America—will push development of raw material resources. Here are some of the projects already under way:

Manganese. Bethlehem Steel Co., in partnership with a Brazilian firm, is getting ready to exploit huge new manganese reserves in the Amapa territory, north of the Amazon delta. Bethlehem has promised to take over 500,000 tons of Amapa manganese yearly, has an option to buy 49% of the output whatever its size. But there's plenty of surveying and spadework to be done first; for one thing, transport facilities for the ore are virtually nonexistent. Bethlehem says, though, that the manganese will be arriving in the U.S. in "several years."

U. S. in "several years."

Iron ore. Both Bethlehem and U. S. Steel Corp. are busy developing Venezuela's iron reserves. Big Steel has the lion's share, thanks to its discovery of Cerro Bolivar, the "iron mountain," where 1-million tons of high-grade ore are waiting to be mined (BW-Feb.11 '50,p19). Transport again is a knotty problem—U. S. Steel has to build a 90-mi. railroad, then dredge the Orinoco River to provide an outlet to the sea. The transport investment alone will be way over \$100-million. But Big Steel is bullish on Venezuela, feels it's near the



FOR THE U.S.: Edward G. Miller, Asst. Secretary of State, is mastermind of hemisphere mobilization program.

actual operating stage now and hopes to have ore for the U.S. by 1953.

Copper. In Chile, Anaconda Copper Mining Co. is spending \$140-million to build new smelters at Chuquicamata, world's largest copper-ore body (picture, page 128). The new installations will help Anaconda switch its Chilean digging from fast-depleting oxide ore to sulphide ore. The company hopes for an increase in output when the first new unit starts producing in 1952.

Zinc and lead. Cerro de Pasco Copper Corp., in Peru, is enlarging its zinc smelting facilities, which last year turned out 100,000 tons for export. Lead exports (35,000 tons in 1950) will be upped, too; copper production will be held steady at 25,000 tons. Meantime, Cerro is looking over new ore bodies and has its eye on "substantial" tungsten deposits.

Most of these companies are old hands in Latin America. But to meet U. S. materials needs will take more than investment by just the veterans. And that won't be easy. The day has passed when Latin Americans offered their natural resources to the highest bidder; now investors are hedged with a myriad of restrictions and controls. So it's certain that Washington will have to offer tempting inducements to wean U. S. capital away from profitable outlets at home. Nothing short of big tax incentives is likely to arouse much interest.

• Traffic Block—But there's one mammoth obstacle to strategic material production that can't be solved by private enterprise alone—transportation. Rusty single-track railways (or none at all), poor port facilities, and lack of roads block the development of resources such as Brazil's manganese, Venezuela's ore.

By and large, Washington figures the Export-Import Bank and the World





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CHILE'S CHUQUICAMATA: the world's largest known deposit of copper ore. Anaconda Copper Mining Co. controls Chuqui, which last year turned out approximately 172,000 tons of copper ore, mostly for the United States.

Bank are the best agencies to help out with transport. Recently, the World Bank pitched in \$35-million to build a road to the Amapa manganese.

II. Covering Local Needs

Another big item on the March agenda will be projects that can ease Latin America's dependence on imports particularly from the U.S. Food, coal, and rubber are high on the list. The thinking here is that Latin America's industrial and agricultural strength must be built up for the long mobilization pull.

Point 4 officials are considering financing food storage facilities in Chile, Bolivia, Ecuador, and Venezuela. Also under study are projects that would increase cattle-raising and agricultural production in Paraguay, Uruguay, and Brazil.

• Coal and Rubber—Coal is Latin America's No. 1 raw material need; the continent has little more than 1% of the world's reserves, and what there is rates low in quality. Nonetheless, Latin Americans are determined to do something about it. German Pico, Chilean industrialist (picture, page 126), is in the U. S. now, lobbying for loan money to develop Chile's low-grade coal deposits.

The Americas have a serious rubber deficit, too. Back in 1927, the Ford Motor Co. took over several million acres along the Amazon River in an attempt to grow rubber. The project never panned out, and in 1945 Ford turned over its investment to the Brazilian government. Since then, most experts have written off the possibilities of growing exportable rubber in Latin America.

But chances are that enough rubber

to satisfy much of the continent's own needs can be grown in the Amazon area and elsewhere in Latin America. The U.S. Dept, of Agriculture already has had encouraging results from its test project in Peru.

• Machines a Problem—Machinery and cquipment for all these projects—coal, transport, agriculture—will have to compete with everything else that has a claim on U. S. production. And that means tough sledding. Already word has gone out to the Ex-Im Bank and the World Bank to hold off any more loans unless equipment supplies are definitely available here.

There's another problem, too—one of human nature—that slows Latin American development. Most native capitalists prefer to put their money into get-rich-quick schemes involving coffee or real estate. One top-ranking Latin American diplomat complains that his countrymen are forever putting the emphasis on frills—fancy apartment buildings, monuments, or a few miles of superhighway. Such a "policy of luxury," he feels, can only lead to poverty.

III. What Price Cooperation?

How much must the U.S. pay to get hemisphere mobilization rolling? This much: a guarantee that Latin Americans will get their share of U.S. supplies of goods-plus some loan money and technical aid.

A high official of a U. S. mining company operating in Latin America had this to say: "Washington's idea that we've always got to push development of new mines is the wrong approach. The problem is going to be to hold our present production—and you won't do even that unless you keep the labor force and the local bigwigs happy and



BOLIVIA'S TIN: Workers in tin mines high in the Andes need U.S. equipment before production can be raised.

well-supplied with the U.S. stuff they want."

• Short End?—During World War II, the Latin Americans sold their raw materials to the U.S. at controlled prices—and there was little to buy in return. By the time they could unlimber their accumulated dollars, price controls were off in the U.S. So the money they had earned bought them a considerably smaller return in consumer and capital goods. The result: a heavy dose of inflation.

This time, Latin Americans swear they'll charge all the traffic will bear-unless the U.S. fills their essential economic needs. And "essential" will mean something comparable with what the U.S. civilian gets. Brazilians thought it very unfair during the war that U.S. motorists could limp along on their A coupons, while Brazil had to ban all private cars from the road.

So far, the U.S. has promised "equal treatment of the populations of the U.S. and Latin America in the distribution of available civilian goods." But the visiting diplomats in March may be disappointed—there's no concrete evidence yet that the U.S. has the machinery to follow through on its promise.

• Unfair Share—The Dept. of Commerce is now trying to handle the Latin American requirements. In the case of goods that are allocated (cotton, textiles, sulphur are some), Commerce gets an export quota from the National Production Board. Then it subdivides the supply to all the countries in the world. But Latin Americans complain that they're getting short shrift on these supplies, while U. S. producers are suffering little.

Where allocations don't exist—on the bulk of goods—there is little Commerce

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can do to expedite shipments south. Commerce will write a letter to a supplier in the U.S., asking him to give a voluntary priority to an essential ex-port order. But nobody in Washington holds much hope for the voluntary system.

Officials do hope that, within five or six months, they'll be allowed to issue export priorities-like DO orders-on the most important purchases from abroad.

· Sounding Board-One thing that may help: The U.S. has wangled Latin America a voice on the new allied raw materials council, which set up shop two weeks ago. That ought to give Latin Americans some chance to extract concessions from the big consuming countries before offering their raw materials at a controlled price.

· Inflation to Come-As it stands now, Washington can do nothing but tell the Latin Americans that the supply situation here is going to be awfully tough in a very few months. Besides, U.S. officials will warn that, at best, Latin Americans will face a severe inflation threat, not unlike the one that rocked them in the last war. Since we are committed to a policy of strengthening Latin America, Washington will imply strongly that there is a need for credit control, rationing, and tax hikes.

There's a big if, though. Many observers wonder whether any Latin American country is strong enough administratively to make any headway against inflation. But they know that Latin America won't even try unless it has a guarantee that the U.S. will help out with supplies.

IV. Overalls and Uniforms

If war comes, the West will be counting on another Latin American resource -manpower. Fighting manpower is sure to be needed; there's already talk of recruiting labor south of the border to work in U.S. factories and farms.

During World War II, the Allies didn't need Latin American troops. True, a Brazilian unit did fight in Italy and a Mexican unit in the Pacific. But both were mostly token forces to keep good neighbor relations blooming.

Now the U.S. has tipped off most Latin American nations that troops will be welcome, that it stands ready to train and equip them where necessary. · Over-the-Border Workers-In his statement on manpower last week, President Truman said that "in some cases workers will be brought into the U.S. for work of value to the mobilization program." Some Latin American governments have been sounded out already. Near neighbors like Mexico and Guatemala might agree. But indications from South America are that such a move would cause violent opposition.

BUSINESS ABROAD BRIEFS

High meat prices are sending Detroit housewives scurrying across the border into Canada. Savings run as high as 30¢ per lb.

Mexicans will build a \$12-million newsprint plant in Chihuahua state. The government and private investors will each put up half the cost.

Japanese tuna imports are threatening fisheries in California, Oregon, and Washington. Rep. Walter Norblad (R., Ore.) wants a quota on the Japanese tuna, claims current tariff rates "aren't enough to save the industry from disaster, if not a lingering death."

War worries: The Second U. S. International Trade Fair, scheduled for Sept. 8-23 in Chicago, has been postponed "until world conditions become more stabilized." The first fair, held last August, attracted 2,500 concerns from 48 different countries (BW-Aug.19'50, p.93).

Off again—on again: The Russians shut off shipments of strategic manganese and chrome ore to the U.S. during November. But in October, they sent \$500,000 worth; in September, \$1.3-million worth; in August, \$300,000.

Pemex, the Mexican government oil monopoly, has bought out the Mexican Gulf Oil Co. and two subsidiaries for \$2.4-million. Mexican Gulf was the only foreign oil company not expropriated by the government in 1938.

Nickel plant in Cuba (owned by U. S. government) will be reopened, is expected to be producing within a year. Capacity is 15,000 tons yearly; and there's hope cobalt can be produced as a byproduct. Plant cost \$32-million in 1942; U. S. plans to invest another \$5-million to put it in shape.

Meat shortage has forced Egypt to order three meatless days each week—no slaughter or sale of livestock allowed. There's one bright note: Camels, eaten by the poor, and pigs, consumed by Christians, are exempt from the curb.

U. S. stockpilers are shopping for tungsten in Australia. They've offered a long-term contract to King Island Scheelite, Ltd., a firm which claims to control the largest scheelite (tungstenbearing ore) lode in the world:

A farm pool for Europe-agriculture's "Schuman Plan"—will be proposed soon by France. The idea: a single free market for wheat, meat, dairy products, wines, fats.

ADVERTISERS IN THIS ISSUE

Business Week-January 27, 1951

ACTION BAG & ENVELOPE CO., INC. 110 AIR REDUCTION SALES CO. 34 Agency—G. M. Basford Co. ALAN WOOD STEEL CO. 38 ARENCY—Fohn Falkner Arndt & Co., Inc. ALLEN-BRADLEY CO. 27 Agency—This Fensholt Co. 27
ALAN WOOD STEEL CO
ALL VEAR CLUB OF SOUTHERN
CALIFORNIA 58 Agency—Foote, Cone & Belding
Agency-Brooke, Sudding Inc. Agency-Foots, Cone & Beiding ALLIS-CHALMERS MANUFACTURING CO. 2-3 Agency-Compton Advertising, Inc. AMERICAN BLOWER CORP. Agency-Brooke, Smith, French & Dorrance, Inc.
AMERICAN BLOWER CORP. Agency—Rrobe, Smith, French & Dorrance, Inc. AMERICAN BRAKE SHOE CO. & Agency—Puller & Smith & Ross, Inc. AMERICAN CYANAMID CO. & Asency—Hazard Advertising Co. AMERICAN OPTICAL CO. & Agency—Sutherland-Abbott
AMERICAN CYANAMID CO
AMERICAN OPTICAL CO
AMERICAN TELEPHONE & TELEGRAPH CO
Agency—The Bayless-Kerr Co. ASSOCIATION OF AMERICAN RAILROADS 168
BAKELITE DIV., UNION CARBIDE & CARBON CORP
Agency—J. M. Mathes, Inc., Adv. BAKER RAULANG CO
BALTIMORE & OHIO BAILROAD
BANK OF MONTREAL
Agency—Samuel C. Croot Co., Inc. BITUMINOUS COAL INSTITUTE
BRITISH INDUSTRIES FAIR
RICHARD BEST PENCIL CO. 92 Agency—Samuel C. Croot Co. Inc. BITUMINOUS COAL INSTITUTE BITUMINOUS COAL INSTITUTE BITUMINOUS COAL INSTITUTE BITUISH INDUSTRIES FAIR. 128 Agency—Hewitt, Oglity, Benson & Mather, Inc. BRUNNER NFG. CO. 94 Agency—Hilles & Greek, Inc. 99 Agency—Hilles & Greek, Inc.
BUELL ENGINEERING CO., INC. 99 Agency—Hibta & Grielt, Inc. 120 FIFE E. W. BUSCHMAN CO. 120 BYNON WESTON CO. 120 Agency—Walter B. Snow & Staff, Inc. CARBOLOV CO., INC. 95 Agency—Brooks, Ruith, French & Dorrance, Inc. Agency—Elliots of & Co., Inc. 98 Agency—Elliots of & Co., Inc. 98
Agency—The S. C. Baer Co. BYRON WESTON CO
CARBOLOY CO., INC
CELANESE CORPORATION OF AMERICA 12 Agency—Ellington & Co., Inc. CHEMICAL ENGINEERING 127
Agency-John Mather Lupton Co., Inc. CHRYSLER CORP., AIRTEMP DIV
Agency—Grant Adv., Inc. CLARAGE FAN CO
CARBOLOY CO. INC. ARENCY—BROOKS PMINL French & DOTRAGE. IDC. CELAMESE CORPORATION OF AMERICA. 12 CHEMICAL REGISTERING 127 ARENCY—JOHN MATHER LUDION CO., INC. CHEMICAL REGISTERING 127 CARRAGE FAN CO. INC. CLARAGE FAN CO.
Agency—Cumminus & Hopkins THE COPPER-BESSEMER COPPER Agency—The Griswold-Eathernan Co. ORNING GLASS WORKS. Agency—Laptes L. Runnill & Co., Inc. RALPH C. COXHEAD CORP. Agency—Bruce August Adv. 53
Agency—Charles L. Rumrill & Co., Inc. RALPH C. COXHEAD CORP
Agency—Bruce Angus Adv. CRANE CO
CRUCIBLE STEEL CO. OF AMERICA 83 Agency— G. M. Basford Co.
DANLY MACHINE SPECIALTIES, INC66-67 Agency—Waldle & Briggs, Inc.
Agency—Almon Brooks Wilder, Inc. A. B. DICK CO
Agency—Fuller & Smith & Ross, Inc. DOW CORNING CORP
AGENCY—Charles I. RUBHILL & CO. 18C. ARLPH S. CONTEAD CORP. 162 CHARLE CO. 53 Agency—The Buchen CO. 6 CHUCHBLE STEEL CO. 0F AMERICA Accept—G. M. Basford Co. 71ES, INC. 66–67 Agency—Waldle & Brigs, Inc. 18 ACCEPT—G. M. Basford Co. 71ES, INC. 66–67 Agency—Almon Brooks Wilder, Inc. 12 OAVIDSON CORP. 128 Accept—Almon Brooks Wilder, Inc. 112 OAVIDSON CORP. 128 Accept—Brigs Co. 112 OAVIDSON CO. 114 Accept—Down Wagnitz, Adv. 115 Accept—Brook Wagnitz, Adv. 115 Accept—B
DURANT MANUFACTURING CO
Agency—Sutherland-Abbott EASTMAN KODAK CO
Agency—Charles L. Rumrill & Co., Inc. EBASCO SERVICES, INC
ELLIOTT ADDRESSING MACHINE, INC 96 Agency—H. B. Humphrey, Alley & Richards, Inc.
DURANT MANUFACTURING CO. 22 Autorov Keck Franke Ad. Agency 40 Autorov Sutherland: Abbott Asency Sutherland: Abbott Asency Charles I. Rumrilla Co., Inc. 71 Agency Charles I. Rumrilla Co., Inc. 84 Acency—Albert Frank-Genther Law Inc. 84 Acency—Albert Frank-Genther Law Inc. 86 ELLIOTT ADDRESSING MACMINE; INC. 86 Agency—The Griswold Eshleman Co. 71 Agency—The Griswold Eshleman Co. 74 Agency—The Griswold Eshleman Co. 74 Agency—Robinson, Reed & Co., Inc. 84 Agency—Sont, Inc., Adv. Agency (28 Agency Sont, Inc., Adv. Agency (28 Agency Sont, Inc., Adv. Agency)
Agency—Johnson, Read & Co., Inc. FOX RIVER PAPER CORP126
Agency—Johnson, Read & Co., Inc. FOX RIVER PAPER CORP
GARDNER-DENVER CO. 80 Agency—The Buchen Co. GENERAL FIREPROPFING CO. 82
Agency—The Griswold-Eshleman Co. THE GIRDLER CORP. 105
Acency—Scott Inc. Adv. Agency FRUEFAUF TRAILER CO. 51 GAROMER-DENVER CO. 60 GAROMER-DENVER CO. 60 GENERAL FIREPROFING CO. 60 Agency—The Ruchen CO. 60 Agency—The Griword-Eahleman CO. 105 THE B. F. GOODRICH CO. 1 GRINNELL CO. 1NC. 35 GRINNELL CO. 1NC. 35 GARON—Horton-Noyae CO. 11 GULF OIL CORP. 11
Agency—The Griswold-Eshleman Co. GRINNELL CO., INC
GULF OIL CORP
Agency—Horton-Nopes Co. GULF OH. CORP. 11 Agency—Young & Rubicam, Inc. GUNNISON HOMES, INC. 72 Agency—Advertising Associates
Agency—Advertising Associates HAMMERMILL PAPER CO. 28 Agency—Batten, Barton, Durstine & Osborn, Inc. HEWITT.ROBINS, INC. 41 Agency—Fuller & Smith & Ross, Inc.
Agency-Fuller & Smith & Ross, Inc.

HILTON HOTELS CORP 91 Agency—Needham & Grobmann, Inc. 117 HE FRANK G. HOUGH CO. 117 THE HYDRAULIC PRESS NFG. CO. 77 Agency—The Jay H. Maibs Co. 43 Agency—The Jay H. Maibs Co. 43 Agency—Hough & Geller, Inc. 43 CHENICALS CORP. 84 Agency—C. Franklin Brown, Inc. 68
THE FRANK G. HOUGH CO
THE HYDRAULIC PRESS MFG. CO
Agency—Weiss & Geller, Inc
CHEMICALS CORP
Agency-Young & Rubleam, Inc.
KELLER TOOL CO. 5 Agency—The Fensholt Co. 5 LEADER ELECTRIC CO. 5
Agency—Kencliffe, Breslich & Co. LIBERTY MUTUAL INSURANCE CO
Agency—Batten, Barton, Durstine & Osborn, Inc.
Agency—The Biddle Co. MARCHANT CALCULATING MACHINE CO. 88
KELLER TOOL CO. 5 LEADER TO CO. 5 AGENCY—KENCHINE CO. 118 AGENCY—KENCHINE Bredich & Co. 14 AGENCY—KENCHINE Bredich & Co. 14 AGENCY—KENCHINE BREDICH & CO. 14 AGENCY—The Riddle CO. 16 AGENCY—The Riddle CO. 16 AGENCY—VALUATING MACHINE CO. 8 AGENCY—THE GLENN AGENCY CO. 16 AGENCY—VALUATING MACHINE CO. 16 AGENCY—VALUATING MACHINE CO. 16 AGENCY—VALUATING MACHINE CO. 16 AGENCY—VALUATING MACHINE CO. 16 MCGRAW—HILL BOOK CO. 10C 113 MICHIGAR EXPRESS. INC. 112
THE McBEE CO
Agency—C. J. LaRoche & Co. 194 Agency—C. J. LaRoche & Co. 193 MICHIGAN EXPRESS, INC. 112 Agency—John B. Van Domelen Agency THE MINNEAPOLIS & AT. LOUIS MAILWAY 73 Agency—Addison Lewis & Assoc. 119 MODINE MANUFACTURING CO. 119
Agency—John B. Van Domelen Agency THE MINNEAPOLIS & ST. LOUIS RAILWAY 75
MODINE MANUFACTURING CO
MONSANTO CHEMICAL CO4th Cover Agency—Gardner Advertising Co.
Agency—McCann-Erickson, Inc.
Agency—Batten, Barton, Durstine & Osborn, Inc.
Agency—A. Martin Rothbardt, Inc. NEBRASKA RESOURCES DIV. 52
Agency—Ayers Adv., Inc. NEW BRITAIN MACHINE CO
Agency-Wilson, Haight & Welch, Inc. N. Y. STATE DEPT, OF COMMERCE106
PENNSYLVANIA SALT MFG. CO
PHILLIPS PETROLEUM CO
Agency—L. E. McGlvens & Co., Inc. 56
LIBBEY-OWENS-FORD GLASS CO 63
PRESSED STEEL TANK CO
REPUBLIC STEEL CORP
MESSIAW-HILL BOOK CD. NO. 112 MESSIAW-HILL BOOK CD. NO. 112 Apency-Alon B. Van Domein Ascice THE MINNEAPOLIS A ST. LOUIS BAILWAY 75 Agency-Alon Verbillon Levin & Assoc. 116 Agency-Klail Van Prefersom-Dunlap Assoc. 116 Agency-Missiam Van
Agency—Beatty & Oliver, Inc. ROYAL TYPEWRITER CO., INC. 73
Agency—Young & Rubleam, Inc. RUST-OLEUM CORP. 103
Agency—Glenn, Jordan, Stoetzel, Inc. 32
BHARON STEEL CORP
Agency-Witte & Burden, Adv.
Agency—The Buchen Co 98
Agency—Fox & MacKenzie Adv.
Agency—O. S. Tyson & Co., Inc. SPERRY GYROSCOPE CO. 29
SPERRY GYROSCOPE CO. 18C. Agency—Chas. Dallas Reach Co. Inc. THE STANDARD PRODUCTS CO. 33 Agency—Fuller & Smith & Rosa, Inc.
Agency—Chas. Dallas Reach Co., Inc. HE STANDARD PRODUCTS CO
Agency—Roche, Williams & Cleary, Inc. THE STURGIS POSTURE CHAIR CO
Agency—Cunningham & Walsh, Inc.
Agency—Cunningham & Waish, Inc. THE TILE-TEX DIV., THE FLINTKOTE CO. AS Agency—Marschalk & Pratt Co. TIMBER STRUCTURES, INC. 70
Agency—Simon & Smith Adv.
THE STURGIS POSTURE CHAIR CO. 116 Apontov-Illano Adv. Agency 116 TEXAS CO. 116 THE TEXAS CO. 116 THE TEXAS CO. 116 Apontov-Illano Adv. Agency 116 Apontov-Illano Adv. Agency 116 Apontov-Illano Adv. 116 46
Agency—Hazaard Adv. Co.
THE TREMCO MFG. CO
UDYLITE CORP. 48 Agency—Grant Advertising, Inc. THE VAN LEER METAL PRODUCTS
Agency—Grant Advertising, Inc. THE VAN LEER METAL PRODUCTS CO., INC
Agency-The Jaqua Co., Adv.
Agency—James Thomas Chirurg Co. WEBSTER ELECTRIC CO
Agency-Hamilton Adv. Agency, Inc.
Agency—Advertising, Inc. WESTINGHOUSE ELECTRIC CORP
Agency—Advertising, Inc. #ESTINGHOUSE ELECTRIC CORP. 34 Agency—Fuller & Smith & Ross, Inc. #HEELING CORRUGATING CO. 74 Agency—Cunningham & Walsh, Inc. HE WHELAND CO. 114 Agency—Power & Condon #HITING CORP. 61
Asency Cunningham & Waish, Inc.
Agency—Power & Condon WHITING CORP. 61 Agency—The Fensholt Co.
Agency—rae Fensacit Co.

Some Inflation Control Roadblocks

In both his economic report to Congress and in the budget, President Truman sounded a clear call to arms in defense of the purchasing power of the dollar. He wants help in the fight against inflation.

On this crucial issue he deserves full support. But if the fight is to be successful, the President must deal firmly with some policies and attitudes in Washington that are out of step with his hold-the-line program. Take

a look at just a partial catalog of them.

(1) Last summer the tariff of 2¢ a lb. on copper was restored. As the New Year opened, the import duty of 216 a lb. went back into effect on pig lead. At present we aren't producing enough of either metal to meet our own peacetime needs at full employment. We certainly can't produce enough for the expanding defense program, including stockpiling, plus civilian needs even on a reduced scale. Nor can our inability to meet these needs be blamed on inadequate prices. Copper at 24½¢ a lb. and lead at 17¢ are not low prices, even though costs of production have jumped. If a mite of copper can be dredged out of marginal mines, we should try premiums or subsidy payments rather than use a method that raises the price paid for all copper. Why should we charge ourselves a duty on materials we can't produce enough of at home, and by so doing fuel the inflation? The Administration should press Congress to suspend these duties at once.

(2) Secretary of Labor Tobin has declared that lengthening the work week at straight time beyond its present 40 hours might "demoralize" the workers and hinder defense production. This is the reply of the Administration's labor spokesman to the suggestion of chief mobilizer Charles E. Wilson that a 44-hour week would help defense production. The issue seems to come down to one of overtime pay. The requirement that time-anda-half be paid for work beyond eight hours a day and 40 hours a week dates back 12 years to a time when the problem was to spread the work among the unemployed. That basis for the idea has been obsolete for a decade, and now it works as a tool of inflation. Americans have to work longer to speed up production. Why should the Administration support the proposal that workers, who are willing to expend extra effort in the present emergency, be paid a special premium for their effort that can only increase costs and spur inflation?

(3) The Defense Production Act of 1950 provides that no ceiling may be set on any farm product that is below the highest price in the month before Korea or below parity, whichever is higher. Even at present high prices, many farm products—hogs, milk, eggs, chickens, fruit—are below the authorized minimum ceilings. Since the Administration is committed to the use of its price and wage control authority, how can it delay working out a clear policy to end the confusion as to how price

control will apply to farm products?

(4) At the Treasury the philosophy of low interest rates still prevails. In order to keep down the interest cost of the public debt, the Treasury has followed a policy of borrowing and refunding at low rates. In support of this policy, it has sought to prevent the Federal Reserve System from using its powers to tighten up the money market, raise interest rates, make loan money costlier and harder to get. Last August the Reserve System went it alone and raised short-term rates. The Treasury had to follow. But in his New York Board of Trade speech on Jan. 18, Secretary Snyder indicated that the Treasury still holds to its doctrinaire views (page 102). The President should see to it that the Treasury fits its public debt policies into the framework of inflation control.

(5) The President's budget message indicates far too soft a view toward nondefense expenditures. Sen. Byrd says \$7-billion can be sweated out. The President—not Sen. Byrd—ought to be the leader in this movement now. Such economy is not only a source of revenue; it also reduces the competition for scarce goods that forces prices

up.

These are some of the inflation control roadblocks that the President should take the lead in removing. While he's at it, he should invite Congress to take another look at the sanitary inspection requirements that block imports of fresh Argentine beef, and he should examine what sense quota restrictions and a tariff on oil imports make today.

The fight against inflation cannot go forward vigorously until the President takes the lead in clearing away these and other antidepression and self-interest obstructions.

It's a job he should tackle at once.

Thanks From Friends

Marshall Plan aid to Britain has done its job 18 months ahead of the best hopes. Our surest friend among the nations is now convalescing, and is feeling very much better.

The United States can pride itself that the medicine we sent from here has worked so well. England's Manchester Guardian rightly calls the whole operation "one of the most brilliant successes in the history of international relations." For their part, "ordinary thanks are inadequate to meet the occasion."

What should please Americans is that the British realize that not even here does money grow on trees. The Guardian writes, "Marshall aid to Europe has meant a contribution of £88 from every American family; and the vast majority of Americans are not so well off that the extra tax burden has come easy to them."

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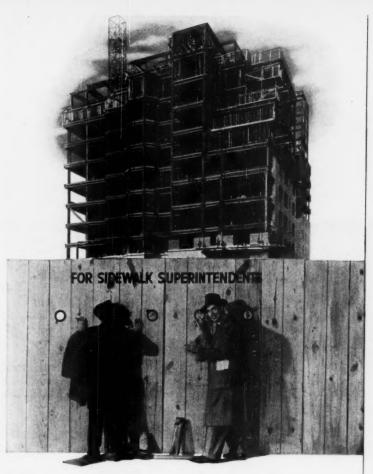
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